by $100 for each dependent of the taxpayer other than his spouse during such year.

"(2) SCHEDULE OF MAXIMUM CREDITABLE CHARGES: REGULATIONS.—The Secretary or his delegate shall prescribe regulations setting forth a schedule of maximum charges eligible for credit under subsection (a) in such defined categories of expenses for medical care as may be necessary to assure credit only of reasonable expenses pursuant to this section. The secretary or his delegate shall also prescribe such additional regulations as may be necessary to carry out the provisions of this section.

"(3) REDUCTION OF CREDIT.—The credit under subsection (a) as limited by paragraphs (1) and (2) of this subsection shall be reduced by an amount equal to 1 percent of the amount by which the adjusted gross income of the taxpayer for the taxable year exceeds $25,000.

"(c) DEFINITIONS.—For purposes of this section—

"(1) The term "expenses" for "medical care" means amounts paid—

"(A) for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body,

"(B) for transportation primarily for and essential to medical care referred to in subparagraph (A), or

"(C) for insurance (including amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged) covering medical care referred to in subparagraphs (A) and (B).

"(2) In the case of an insurance contract under which amounts are payable for other than medical care referred to in subparagraphs (A) and (B) of paragraph (1)—

"(A) no amount shall be treated as paid for insurance to which paragraph (1)(C) applies unless the charge for such insurance is either separately stated in the contract, or furnished to the policyholder by the insurance company in a separate statement,

"(B) the amount taken into account as the amount paid for such insurance shall not exceed such charge, and

"(C) no amount shall be treated as paid for such insurance if the amount specified in the contract (or furnished to the policyholder by the insurance company in a separate statement) as the charge for such insurance is unreasonably large in relation to the total charges under the contract.

"(3) Subject to the limitations of paragraph (2), premiums paid during the taxable year by a taxpayer before he attains the age of 65 for insurance covering medical care (within the meaning of subparagraphs (A) and (B) of paragraph (1)) for the taxpayer, his spouse, or a dependent after the taxpayer attains the age of 65 shall be treated as expenses paid during the taxable year for insurance which constitutes medical care if premiums for such insurance are payable (on a level payment basis) under the contract for a period of 10 years or more or until the year in which the taxpayer attains the age of 65 (but in no case for a period of less than 5 years).

"(4) The determination of whether an individual is married at any time during the taxable year shall be made in accordance with the provisions of section 6013(d) (relating to determination of status as husband and wife).

"(d) SPECIAL RULES—

"(1) TREATMENT OF EXPENSES PAID AFTER DEATH.—For purposes of subsection (a), expenses for the medical care of the taxpayer which are paid out of his estate during the 1-year period beginning with the day after the date of his death shall be treated as paid by the taxpayer at the time incurred. The preceding sentence shall not apply if the amount paid is allowable under section 2053 as a deduction in computing the taxable estate of the decedent, but this paragraph shall not apply if (within the time and in the manner and form prescribed by the Secretary or his delegate) there is filed—

"(A) a statement that such amount has not been allowed as a deduction under section 2053, and

"(B) a waiver of the right to have such amount allowed at any time as a deduction under section 2053.

"(2) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) to the taxpayer shall not exceed the amount of the tax imposed on the taxpayer for the taxable year by this chapter, reduced by the sum of the credits allowable under this subpart (other than under this section and sections 37, 39 and 41).

"(e) DISALLOWANCE OF EXPENSES AS DEDUCTION.—No deduction shall be allowed under section 213 (relating to medical, dental, etc., expenses) or section 214 (relating to expenses for care of certain dependents) for any expense of medical care which (after the application of subsection (b)) is taken into account in determining the amount of any credit allowed under subsection (a). The preceding sentence shall not apply to expenses of medical care paid by any taxpayer who, under regulations prescribed by the Secretary or his delegate, elects not to apply the provisions of this section with respect to such expenses for the taxable year.

"EXPENSES OF HIGHER EDUCATION

"SEC. 41. (a) GENERAL RULE.—There shall be allowed to an individual, as a credit against the tax imposed by this chapter for the taxable year, an amount, determined under subsection (b), of the expenses of higher education paid by him during the taxable year to one or more institutions of higher education in providing an education above the twelfth grade for any family member.

"(b) LIMITATIONS—

"(1) AMOUNT PER FAMILY MEMBER.—The credit under subsection (a) for expenses of higher education of any family member paid during the taxable year shall be an amount equal to the sum of—

"(A) 75 percent of so much of such expenses as does not exceed $200,

"(B) 25 percent of so much of such expenses as exceeds $200 but does not exceed $500, and

"(C) 10 percent of so much of such expenses as exceeds $500 but does not exceed $1,500.

"(2) REDUCTION OF CREDIT.—The credit under subsection (a) for expenses of higher education of any family member paid during the taxable year as determined under paragraph (1) of this subsection shall be reduced by an amount equal to 1 percent of the amount by which the adjusted gross income of the taxpayer for the taxable year exceeds $25,000.

"(C) DEFINITIONS.—For purposes of this section—

"(1) EXPENSES OF HIGHER EDUCATION.—The term 'expenses of higher education' means—

"(A) tuition and fees required for the enrollment or attendance of a student at a level above the twelfth grade at an institution of higher education, and

"(B) fees, books, supplies, and equipment required for courses of instruction above the twelfth grade at an institution of higher education.

Such term does not include any amount paid, directly or indirectly, for meals, lodging, or similar personal, living, or family expenses. In the event an amount paid for tuition or fees includes an amount for meals, lodging, or similar expenses which is not separately stated, the portion of such amount which is attributable to meals, lodging, or similar expenses shall be determined under regulations prescribed by the Secretary or his delegate.

"(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means—

"(A) an educational institution (as defined in section 151(e)(4))—

"(i) which regularly offers education at a level above the twelfth grade; and

"(ii) contributions to or for the use of which constitute charitable contributions within the meaning of section 170 (c); or

"(B) a business or trade school, or technical institution or other technical or vocational school in any State, which (i) is legally authorized to provide, and provides within that State, a program of postsecondary vocational or technical education designed to fit individuals for useful employment in recognized occupations; and (ii) is accredited by a nationally recognized accrediting agency or association listed by the United States Commissioner of Education; and (iii) has been in existence for two years or has been specially accredited by the Commissioner as an institution meeting the other requirements of this subparagraph.

"(3) STATE.—The term 'State' includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

"(4) FAMILY MEMBER.—The term 'family member' means the taxpayer, his spouse or any of his dependents (as defined in section 152).

"(d) SPECIAL RULES—

"(1) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS AND VETERANS' BENEFITS.—The amounts otherwise taken into account under subsection (a) as expenses of higher education of any individual during any period shall be reduced (before the application of subsection (b)) by any amounts received by such individual during such period as—

"(A) a scholarship or fellowship grant (within the meaning of section 117(a)(1)) which under section 117 is not includible in gross income, and

"(B) educational assistance allowance under chapter 34 or 35 of title 38 of the United States Code.

"(2) NONCREDIT AND RECREATIONAL, ETC., COURSES.—Amounts paid for expenses of higher education of any individual shall be taken into account under subsection (a)—

"(A) in the case of an individual who is a candidate for a baccalaureate or higher degree, only to the extent such expenses are attributable to courses of instruction for which credit is allowed toward a baccalaureate or higher degree, and

"(B) in the case of an individual who is not a candidate for a baccalaureate or higher degree, only to the extent such expenses are attributable to courses of instruction necessary to fulfill requirements for the attainment of a predetermined and identified education, professional, or vocational objective.

"(3) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) to the taxpayer shall not exceed the amount of the tax imposed on the taxpayer for the taxable year by this chapter reduced by the sum of the credits allowable under this subpart (other than under this section and sections 37 and 39).

"(e) DISALLOWANCE OF EXPENSES AS DEDUCTION.—No deduction shall be allowed under section 162 (relating to trade or business expenses) for any expense of higher education which (after the application of subsection (b)) is taken into account in determining the amount of any credit allowed under subsection (a). The preceding sentence shall not apply to the expenses of higher education of any taxpayer who, under regulations prescribed by the Secretary or his delegate, elects not to apply the provisions of this section with respect to such expenses for the taxable year.

"(f) CARRYOVER OF EXCESS CREDIT—Any amount by which the credit otherwise allow-

able under this section for the expenses of higher education of the taxpayer paid during the taxable year exceeds the tax which would be imposed on the taxpayer for such taxable year by this chapter in the absence of this section reduced by the amount of credit allowed for expenses of higher education of any other family member paid during such taxable year shall be allowed as a credit for expenses of higher education of the taxpayer deemed to be paid during the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, or tenth succeeding taxable years, in that order and to the extent such expenses were not deemed paid in a prior taxable year, in the amount by which the tax which would be imposed on the taxpayer for such succeeding taxable year by this chapter in the absence of this section reduced by the amount of credit allowed for expenses of higher education of any other family member paid during such succeeding taxable year exceeds the amount of credit allowable under this section for the expenses of higher education of the taxpayer paid during such suceeding taxable year plus the amount of credit allowable under this section for such expenses paid during any taxable year earlier than the current taxable year but deemed to have been paid during such succeeding taxable year, subject, however, to all limitations imposed by this section on the amount of credit allowable for such suceeding taxable year.

"(g) REGULATIONS—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section."

SEC. 3. The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 40. Medical Expenses.
"Sec. 41. Expenses of Higher Education.
"Sec. 42. Overpayments of Tax."

SEC. 4. The amendments made by section 2 and 3 of this Act shall apply to taxable years beginning after December 31, 1971.

PRESIDENT NIXON STEADFASTLY SUPPORTS HAYNSWORTH NOMINATION

Mr. HRUSKA. Mr. President, at the request of the minority leader, with whom I have discussed the matter, I wish to have inserted in the CONGRESSIONAL RECORD a letter which he, Chairman EASTLAND of the Judiciary Committee, and I have received from President Nixon this afternoon.

The letter deals with the President's nomination of Judge Haynsworth to be an Associate Justice of the Supreme Court and it states flatly and unequivocally the President's steadfast support of the nomination.

In view of the false and completely unfounded rumors concerning Mr. Nixon's position in this matter, I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, October 2, 1969.

Hon. HUGH SCOTT,
Minority Leader,
U.S. Senate,
Washington, D.C.

DEAR HUGH: I have noted speculations as to my intentions respecting the nomination of Judge Haynsworth to the Supreme Court.

In order that there be no misunderstanding on the part of anyone. I send this letter to confirm that I steadfastly support this nomination and earnestly hope and trust that the Senate Judiciary Committee and the Senate will proceed with dispatch to approve the nomination.

I am conversant with the various allegations that have attended this nomination. I have most carefully examined the record. There is nothing whatsoever that impeaches the integrity of Judge Haynsworth. There is no question as to his competence as a Judge. There is no proper faulting of his posture vis-a-vis Civil Rights or Labor.

It would be very wrong to allow unfounded allegations to deny this country of the distinguished service of Judge Haynsworth on the Supreme Court. I intend to do all that I can to secure his confirmation.

I hope you will make the contents of this letter known to your colleagues. I have sent a copy to Chairman Eastland and to Senator Hruska, ranking Republican member of the Committee, where this nomination is presently lodged.

Sincerely,

RICHARD M. NIXON.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees be permitted to meet during the session of the Senate today.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL MONDAY, OCTOBER 6, 1969

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in adjournment until 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, with the time not to be taken from either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

CIVIL SERVICE RETIREMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed ot the consideration of the unfinished business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2754) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. Who yields time?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, with the time not to be taken from either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. Is the Senate now operating on limited time?

The PRESIDING OFFICER. The Senator from Montana is correct. The Senate is operating on limited time of 30 minutes, with 15 minutes to a side.

Mr. HOLLAND. The pending business is S. 2754 and the pending question is the point of order on section 207 of the bill, the point of order having been raised by the Senator from Delaware (Mr. WILLIAMS) in which he stated that the matter is a revenue measure and should therefore originate in the House.

Mr. McGEE. May the Senator from Wyoming state that it was his understanding, when that ruling was requested last evening, the Presiding Officer ruled, on advice of the Parliamentarian, that there would be no ruling on that matter, that it was a constitutional question, not a jurisdictional question.

The PRESIDING OFFICER. The Chair ruled, when the point of order was raised, that it was a constitutional question and the Chair would refer it to the Senate. That is the matter now before the Senate.

Mr. McGEE. That is the pending matter, not the jurisdictional question whether the bill belongs in committee, but——

The PRESIDING OFFICER. The point of order is the question. The Chair has no authority to rule on a constitutional question.

Mr. McGEE. So the decision now is on the constitutional issue of whether this is a tax measure not originating in the House. Is that the thrust of the constitutional question?

The PRESIDING OFFICER. The Senator is exactly correct.

Mr. McGEE. I thank the Presiding Officer.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLAND. Mr. President, will the Senator yield to me for 1 minute in order to address a parliamentary inquiry to the Chair?

Mr. McGEE. I yield.

The PRESIDING OFFICER. The Senator from Florida will state the inquiry.

Mr. HOLLAND. It is my understanding that this is a point of order based on the constitutional question, and as such has to be submitted to the Senate as a whole for a ruling.

The PRESIDING OFFICER. The Senator is correct.

Mr. HOLLAND. It is a point of order based on the constitutional question.

The PRESIDING OFFICER. The Senator from Florida is correct.

Mr. HOLLAND. I thank the Presiding Officer.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 3 minutes.

Mr. WILLIAMS of Delaware. Mr. President, when the Senate adjourned last night, the question before us was whether S. 2754 was subject to a point of order on the ground that it included a tax amendment originating in the Senate.

In my judgment there is no question about it. The bill excludes the first $3,000 of civil service pension from Federal income tax calculation for every individual retired under the civil service program. They would pay a lower tax because of the committee amendment and the Federal revenues would be reduced because of it. To my way of thinking that is a revenue measure pure and simple.

The existing tax law contains provisions designed to relieve the tax burden on retired persons. The principal provision is the retirement income credit. It applies to everyone living on retirement income whether it consists of a civil service pension, a teacher's, policemen's, or firemen's pension, or a pension received under a private pension plan. It treats all retirees alike. It gives them the equivalent of tax exemption on $1,524 of retirement income if they are single, and $2,276 if they are married and the spouse is also age 65. These figures are equivalent to the maximum social security benefit which was payable in 1964. It was calculated roughly to equate the tax treatment of those living on taxable retirement benefits with the tax treatment of those receiving tax-free social security payments.

Under present law a married couple living off a civil service pension could receive $6,047 per year—more than $500 per month—and be absolutely tax free under the retirement income credit. That is present law. If they have dividend income of $200 they could be wholly tax exempt on $6,247. The House bill, now pending before the Senate Finance Committee, would make the existing law even more attractive to them. Under it a married couple over age 65 would be tax exempt on retirement income of $6,732.50 plus another $200 of dividend income, if they have it, for tax exemption for a gross amount of $6,932.50.

S. 2754, under section 207, would create a third instance of special tax treatment for a single group of retired persons. It would complicate the law and create new discriminations. It added another $3,000 tax exemption, Mr. President, to bring it up close to the $10,000 exemption for one group of retired people only, not all employees, but only those fortunate enough to have been employees of the U.S. Government.

The Senate Finance Committee is now engaged in consideration of the Tax Reform Act of 1962. Yesterday we took testimony from representatives of the Retired Civil Employees. Among the suggestions we received was one to increase the amount of income eligible for the retirement income credit. This thought was expressed by Mr. Ernest Giddings speaking for the American Association of Retired Persons and the National Retired Teachers Association. An amendment to the Tax Reform bill reflecting this suggestion is already pending before the Committee on Finance.

The proper way to go about changing the tax treatment of retired persons is to let that matter be considered by the committee which has jurisdiction over the tax system. That committee is the Committee on Finance, not the Committee on Post Office and Civil Service.

Section 207 of S. 2754 is a tax provision originating in the Senate. In my opinion the point of order against it must be sustained. By all means, whatever tax consideration we give to those living on pensions should be extended to all American citizens, regardless of the source from which their pensions are derived. They should be given equal treatment.

Mr. President, I yield 5 minutes to the Senator from Louisiana.

Mr. LONG. Mr. President, there is no doubt in the mind of the Senator from Louisiana that this proposal is an effort to originate a revenue bill in the Senate of the United States, and as such, is clearly unconstitutional. There is a question of committee jurisdiction, but that does not concern the Senator from Louisiana in view of the fact that the Constitution provides that all revenue bills must originate in the House. That means it must be a revenue bill when it originated there. It cannot be made into a revenue bill in the Senate. Therefore, the House should, and I am confident would, insist that this provision of the bill violates the Constitution and send it back to us. But the Senate should not put itself in the position of sending such a bill to the House.

As the Senator from Delaware has pointed out, if this provision were enacted, it would discriminate against other retired persons, such as school teachers, policemen, firemen, and others retired on private plans.

We are trying to work out an arrangement in the Finance Committee whereby all retired people are treated the same. In that way we will not have to have other groups come before us saying that we must provide the same benefits for them as we have provided Government employees, because we have discriminated in favor of ourselves and Government employees.

By approaching this problem in the way the Finance Committee is approaching it—and we are conducting hearings—we would hope to reduce taxes for all retired people and achieve justice for all of them.

There is legislation before us, the Tax Reform Act of 1969, which we hope would contain equitable and just tax treatment for all retired persons, and would not select one particular group.

No one who would be supporting the measure that has come from the Post Office and Civil Service Committee could hope to know what the cost would be, because he is in a position to know only what the cost would be for one class, namely, Federal employees. It should be our concern to know what the cost would be when applied to all retired persons, whether they worked for a State government or the Federal Government, or were retired under private pension plans.

That being the case, I think the Senator from Delaware is right. The Senate would be doing a futile thing in originating revenue legislation. I do not think the House would go along with it, and I think we would be wise to strike that section from the bill.

Mr. COOPER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. COOPER. If the amendment should be constitutional—and I do not believe it is; I agree with the Senator—and it should be enacted, would Members of the Senate have the privilege of deducting an additional $3,000 as a tax exemption?

Mr. WILLIAMS of Delaware. Yes, if the bill is enacted as it is at present. Any Member of the U.S. Senate as well as other Government employees would be entitled to another $3,000 tax exemption, which would not apply to other retired persons.

Mr. COOPER. Municipal and State and private pensioners would not have the same privilege?

Mr. WILLIAMS of Delaware. That is right. The argument I have made is that to the extent that we can afford to liberalize retirement tax credit, it should be done for all American citizens and not for any one group.

Mr. COOPER. I agree with the Senator on the merits and on the constitutional issue. The section should be defeated.

Mr. WILLIAMS of Delaware. I think the merits overshadow the constitutional question. Yet they are both involved. But to get to the issue, we are raising it on the constitutional question.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, has the Senator from Delaware given up the floor?

Mr. WILLIAMS of Delaware. Yes.

Mr. McGEE. Mr. President, I would like to make two observations in regard to the comments which have been made. It has been suggested that this is discriminatory legislation inasmuch as it favors Government employees and leaves out schoolteachers, State employees, and other retired people. I think that argument needs to be compared to another discrimination. In the social security program and in the railroad retirement program the retirees already have the benefit of such a tax exemption, because it aleady exists. Federal employees have been discriminated against and "selected out" for this special consideration.

This provision is submitted in this particular piece of legislation simply as a matter of long overdue, equitable treatment, in light of the record that has already been written.

But there are basically two fundamental issues here. One is the constitutional one—whether this is a revenue bill in the terms of the Constitution. I have been advised that, as one examines the pertinent section of the Constitution, he

finds that there shall be no bills for the raising of revenue except those originating in the House. This bill does not raise any revenue. And in a decision in 1897, in the case of Twin City Bank against Nebeker, that point was sustained. Therefore, it is at least open to controversy whether there is a constitutional basis for objection.

But objection has been raised on a second ground as well, and that is the point in regard to the legitimate jurisdiction of the committee over this bill—whether it belongs in the Committee on Post Office and Civil Service or whether it properly belongs in the Committee on Finance.

On this point, an identical bill was introduced by me earlier this year. That bill was referred by the parliamentarian to the Committee on Post Office and Civil Service. So this is not a onesided case.

We have been waiting now for 100 years for some action on this matter. We have had no action coming. Our responsibility in the Committee on Post Office and Civil Service is to see to the welfare of those in the civil service, to try to achieve some kind of equity, if it is reasonable. We believe this proposal is reasonable. It is our responsibility. It has been "bucked" back to us several times. So I would raise serious question about the onesidedness of the issue at stake here.

I would only say that the time is long past when the benefit of this kind of legislation properly ought to be given to all of the Federal Civil Service retirees in this country.

I have been in consultation with the parliamentarian and with some constitutional lawyers. I realize the controversy in the case, but I wanted to make sure the record was clear that the controversy is not an open-and-shut case, as it has been represented as being by the raising of the point of order.

In the interest of moving ahead on this matter, I would like to ask, if I may, the chairman of the Finance Committee if he could recommend to us any way in which we could move with dispatch in behalf of the Federal civil service annuitants in this regard.

Mr. COTTON. Mr. President, before that, will the Senator yield for a quick question, for information?

Mr. McGEE. Yes.

Mr. COTTON. I have been reading the report. I want to make sure that this $3,000 exemption comes after, that it does not take the place of, the exemption we already have for the money that has been paid in.

Mr. McGEE. That is right. It comes after the exemption already existing. This provision is not intended to benefit the Senate or Senators or any others who happen to be well off in the retirement system. It is addressed to the 900,000 Federal retirees who are trying to exist on $3,000, $4,000, or $5,000.

Mr. COTTON. Was any consideration given in committee to leaving out Members of Congress from this provision in view of the fact that we recently voted ourselves what seemed to be quite an adequate increase?

Mr. McGEE. Yes, there was serious consideration given to that, and it was thought that we would then open up another can of worms. It was felt that the complications outweighed the advantages of that selecting out process.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LONG. Mr. President, the Senator asked me a question, if he will yield to me to respond.

Mr. McGEE. Yes.

Mr. LONG. I was merely going to say that we intended to have legislation on this subject in the Tax Reform Act of 1969, H.R. 12370, and when that bill is before us in December, the Senator could quite appropriately move to do exactly what he is seeking to do here; and, for all I know, we might decide to do what the Senator is recommending when we get into executive session on that measure.

As I say, the committee has taken testimony on it, and the Senator would have no problem, at that point, about revenue measures originating in the House of Representatives, because the Tax Reform Act, of course, is a revenue bill that did originate in the House of Representatives. Thus the Senator's amendment, of course, would be appropriate to it, and it could be considered at that time.

Mr. McGEE. As the chairman of the Committee on Finance has stated, he and I have discussed this matter privately. We have no intention of trying to invade someone else's territory, and I should like at this point to pose a question to the Senator from Delaware: If we were to agree to withdraw the provision, because of the various judgments that have been rendered and our further study of it overnight, is he willing to withdraw his point of order on this particular section?

Mr. WILLIAMS of Delaware. If the Senator himself wishes to move to strike that provision, section 207, from his bill I would withdraw the point of order so that he could do it.

But, Mr. President, I do wish to make just this point in relation to the question asked by the Senator from New Hampshire: I believe the Senator from Wyoming said that his principal concern was for those hundreds of thousands of civil service retired employees in the $3,000, $4,000, and $5,000 brackets. I call his attention to the remarks I made earlier, pointing out that under existing law a civil service retired employee drawing a pension of around $500 per month, or $6,000 per year, is not paying any income tax at all and is not affected one iota by this provision of the bill. It is only those who are above that bracket who would gain some benefit.

So, as we talk about this bill let us be sure we know what we are talking about. We are not talking about tax relief for those who are drawing pensions below $500 per month or even, under the House bill as it is reported, those drawing pensions as high as $7,200 a year, or $600 a month, for they are already exempted from tax under H.R. 13270 as it came from the House of Representatives. This is a $3,000 exemption over and beyond that, for only those who are on the Government payroll, including Members of Congress.

On what basis did the members of the Senate Civil Service Committee think that Members of Congress are entitled to a $3,000 tax exemption on their pensions above that allowed private citizens?

That is the reason I say that even on its merits this should not be done, and that if Congress is going to establish any such exemption as that, by all means it should be afforded to all retired employees alike.

I think it should be pointed out clearly that we are not dealing just with those in the lower-income groups, because they are not affected one iota. Under existing law, even without the House bill, married couples are not paying any tax at all if they are drawing pensions of $5,000 to $6,000. So let us keep the record straight.

Mr. McGEE. I thank the Senator from Delaware for his comments. I yield now to the Senator from Hawaii.

Mr. FONG. Mr. President, before the distinguished Senator from Wyoming asks to withdraw this provision from the bill, I should like to ask him a few questions.

Is it not true that all payments under social security, to recipients of social security pensions, are exempt from the income tax?

Mr. McGEE. That is correct.

Mr. FONG. And the maximum amount that could be paid to a recipient would be $218, under the new law?

Mr. McGEE. That is correct.

Mr. FONG. If a recipient receives social security payments, and if his wife should be of a certain age, she would also receive a certain amount, which would be about $105?

Mr. McGEE. $105, that is correct.

Mr. FONG. So when we combine the two, $218 and $105, the couple would receive $323 from the Federal Government as a payment under social security, which would be entirely exempt from income tax?

Mr. McGEE. That is correct.

The PRESIDING OFFICER. All time of the Senator from Wyoming under the unanimous-consent agreement has expired.

Mr. McGEE. Mr. President, may I ask my colleague from Delaware if he will yield me 2 minutes, so that the Senator from Hawaii may finish his statement? I yielded to him on my time.

Mr. WILLIAMS of Delaware. Yes, if I have it.

Mr. FONG. I ask the Senator from Wyoming if it is not true that, instead of giving preferential treatment to the Federal retiree, we are trying to put him on an equal basis with retirees under social security.

Mr. McGEE. That is the purpose of this legislation.

Mr. FONG. The person who works for the Federal Government does not have social security. Is that correct?

Mr. McGEE. That is correct.

Mr. FONG. All others who work for private enterprise do receive social security benefits?

Mr. McGEE. That is correct.

Mr. FONG. So when they retire, they are paid under social security, and the amount they receive will be exempted from taxation?

Mr. McGEE. That is correct.

Mr. FONG. So what we are trying to now is put them on a equitable basis with that of the social security retirees?

Mr. McGEE. That is correct.

Mr. FONG. I thank the Senator.

Mr. McGEE. I thank my friend for his contribution and his exercise of wisdom in helping to guide this matter through our days of hearings.

I should just like to stress, in the little time left, that we have been genuinely trying to achieve equity for a group that has been left out.

Mr. President, I send to the desk an amendment that would withdraw section 207 from the bill, in accordance with the dialogue we have just had.

The PRESIDING OFFICER. The Chair advises the Senator from Wyoming that prior to the consideration of this amendment, it will be necessary for the Senator from Delaware to withdraw his point of order.

Mr. WILLIAMS of Delaware. Mr. President, I withdraw the point of order in order that the Senator may offer his amendment.

The PRESIDING OFFICER. Without objection, the point of order is withdrawn, and the clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed, beginning on page 13, line 8, strike out all of section 207, and renumber succeeding sections.

(The language proposed to be stricken is as follows:)

SEC. 207. Section 8345 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) An amount, not to exceed $3,000 each year, which is received by an annuitant or a survivor annuitant under this subchapter and, except for this subsection, which would be included as gross income for purposes of the Federal income tax laws, shall not be included as gross income under such laws."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming.

Mr. WILLIAMS of Delaware. Mr. President, I certainly support the deletion of this section. I simply wish to make one comment in answer to a point that was raised; namely, that all section 207 proposed to do was extend to civil service employees the same benefits that have been extended to recipients of social security pensions. I call to the attention of the Senate that that is not quite the situation.

Social security pensions are tax exempt, that is true; but there is an additional clause in the social security law which says the man drawing social security must pass an earnings test. He cannot freely supplement his income on the outside beyond, I believe it is $1,680, except as his pension is reduced accordingly, and if he goes beyond a certain amount he loses his social security benefits entirely.

There is no such restriction in connection with civil service pensions. A member of the executive branch or a Member of Congress can go out of here today with a $20,000 pension if he has served long enough, get a job in private industry, and draw his pension at the same time he is working.

There are advantages and disadvantages under each, but let us not try to point out that this is simply to correct an inequiy under exising law. If anything, the inequity is directed toward the beneficiaries of social security, who are even more handicapped than beneficiaries of the Civil Service Retirement Act.

I shall not debate the matter further. I support the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WILLIAMS of Delaware. Mr. President, there are one or two more points that I think should be called to the attention of the Senate in connection with this bill.

Earlier this year, not as a part of this bill, Congress raised the salaries for Members of Congress around 40 percent. I opposed that action, but that raising of our salaries automatically had the indirect effect of raising the pensions also. There are provisions in title 2 of the pending bill which increase the pension benefits of all Government employees, including our own, by approximately another 10 percent. I question whether or not that can be justified in the light of the existing circumstances involving the solvency of the civil service retirement fund.

As far as title I of the pending bill is concerned, I support that provision. It provides a new method of restoring some degree of financial responsibility. Title II of the pending bill, however, provides for these increased pensions.

First: It provides that instead of computing our pensions based upon the highest 5 years we compute them upon the highest 3 years. This is the mathematical equivalent of an approximate 10-percent increase in the retirement benefits of many Government employees who will be retiring in the next 2 years.

Second: another provision adds 1 percent to the cost-of-living-increase formula now in the law for annuitants. Under the existing law as the cost of living increases those annuitants who have retired under existing law receive by Executive order an automatic increase in their pensions to offset the increase in cost of living. For example, if the cost of living increases 3 percentage points for 3 consecutive months during the year the pensions of Government employees is increased proportionately.

As a result we have had, I think, three 3.9 percent increases that have been approved or are about to be approved up to this point. I think the previous increases averaged about 3.9 percent.

Under the pending bill, in addition to this escalator clause which would guarantee Government retirees protection against any of the ravages of inflation, the bill would add an additional 1 percent each time this 3 percent increase occurs. Mathematically this means that if the cost of living from now on increases 3 percent a year the pensions will be increased by 4 percent. If we were to have three more consecutive increases in the next 3 years it would mean that instead of raising the pensions 9 percent to offset the increase in the cost of living over the 3 years we would be raising them by 12 percent.

In other words, retired Government employees would get an additional 25 percent above the normal increase in the cost of living.

Under this bill we would be guaranteeing to ourselves in Congress, along with all of the Government employees, that from now on, not only would we, through our own pensions be guaranteed against the ravages of inflation but also we would be making a 25-percent profit in our retirement pay as the result of future increased cost of living.

It does not make any sense to me that we in Government, who to a large extent are responsible for the inflation, would consider a bill where we actually make money on inflation. Other retirees under private, State, teachers, and firemen pension funds are not guaranteed that protection against inflation. Certainly in social security they have no such guarantee. However, under this bill it is proposed that we guarantee not only that we will receive a perpetual escalator clause against the ravages of inflation but also that we will make 25 percent more than the increase in the cost of living itself. That means, as far as we are concerned, that if we can create a little more inflation we will collect a premium on it.

This is an outrageous proposal. I do not think it can be justified. Certainly that if we are going to put in an escalator clause the first place to consider putting it would be on social security, for the benefit of those with lower pensions.

I think that all of the so-called increases intended for the benefit only of those of us who are fortunate enough to have been working for the Government should be deleted and that we should confine the pending bill solely to the purpose for which it was intended; and that is, to restore some degree of financial responsibility to the retirement fund.

The fund already has an actuarial deficit in excess of $50 billion, and title I of the pending bill proposes to reduce that deficit somewhat by starting out with approximately a $275 million appropriation from general revenue, not this fiscal year but next fiscal year, then with graduating increases for about 10 years when, as I understand it, it will approach an annual appropriation of $2 billion that will be restored to the fund.

We are dealing with a program here that will cost a great deal of money anyway, and I think that we ought at least not make it a necessary part of the pending bill that we have to extend additional benefits to ourselves. I think they should be separated in their entirety and that we should let Title I of the bill go to the President.

I do not think Congress can justify these increases.

Mr. President, for that reason, I move to strike from the bill beginning on page 8 that part of title II beginning with line 5 down to and including line 14 on page 14.

(The language proposed to be stricken is as follows:)

TITLE II—CIVIL SERVICE RETIREMENT BENEFITS

SEC. 201. Paragraph (4) (A) of section 8331 of title 5, United States Code, is amended to read as follows:

"(A) over any 3 consecutive years of creditable service or, in the case of an annuity under subsection (d) or (e) (1) of section 8341 of this title based on service of less than 3 years, over the period of service; or".

SEC. 202. Subsection (g) of section 8334 of title 5, United States Code, is amended—

(1) by striking out the word "or" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and the word "or"; and

(3) by adding the following new paragraph immediately below paragraph (4):

"(5) days of unused sick leave credited under section 8339(m) of this title.".

SEC. 203. Section 8339 of title 5, United States Code, is amended—

(1) by striking out of subsection (b) the words "so much of his service as a Congressional employee and his military service as does not exceed a total of 15 years" and inserting in lieu thereof "his service as a Congressional employee, his military service not exceeding 5 years,";

(2) by amending subsection (c)(2) to read as follows:

"(2) his Congressional employee service;";

(3) by striking out the last full sentence of subsection (f);

(4) by striking out "(excluding any increase because of retirement under section 8337 of this title)" in subsection (i); and

(5) by adding at the end thereof the following new subsection:

"(m) In computing any annuity under subsections (a)–(d) of this section, the total service of an employee who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity includes, without regard to the limitations imposed by subsection (e) of this section, the days of unused sick leave to his credit under a formal leave system, except that these days will not be counted in determining average pay or annuity eligibility under this subchaper.".

SEC. 204. (a) Subsection (b) of section 8340 of title 5, United States Code, is amended by inserting "1 percent plus" immediately after the word "by."

(b) Subsection (c)(2) of such section is amended to read as follows:

"(2) For the purpose of computing the annuity of a child under section 8341(e) of this title that commences on or after the first day of the first month that begins on or after the date of enactment of the Civil Service Retirement Amendments of 1969, the items $900, $1,080, $2,700, and $3,240 appearing in section 8341(e) of this title shall be increased by the total percent increases allowed and in force under this section on or after such day and, in case of a deceased annuitant, the items 60 percent and 75 percent appearing in section 8341(e) of this title shall be increased by the total percent allowed and in force to the annuitant under this section on or after such day."

SEC. 205. The provisions of subsections (b)(1), (d)(3), and (g) of section 8341 of title 5, United States Code, also shall apply in the case of any widow or widower—

(1) of an employee who died, retired, or was otherwise finally separated before July 18, 1966;

(2) who shall have remarried on or after such date; and

(3) who, immediately before such remarriage, was receiving annuity from the Civil Service Retirement and Disability Fund;

except that no annuity shall be paid by reason of this section for any period prior to the enactment of this section. No annuity shall be terminated solely by reason of the enactment of this section. Notwithstanding the prohibition contained in the first sentence of this section on the payment of annuity for any period prior to the enactment of this section, in any case in which the Civil Service Commission determines that—

(1) the remarriage of any widow or widower described in such sentence was entered into by the widow or widower in good faith and in reliance on erroneous information provided by Government authority prior to that remarriage that the then existing survivor annuity of the widow or widower would not be terminated because of the remarriage; and

(2) such annuity was terminated by law because of that remarriage;

then payment of annuity may be made by reason of this section in such case, beginning as of the effective date of the termination because of the remarriage.

SEC. 206. (a) The first sentence of subsection (d) of section 8341 of title 5, United States Code, is amended to read as follows: "If an employee or Member dies after completing at least 18 consecutive months of civilian service, the widow or dependent widower of the employee or Member is entitled to an annuity equal to 55 percent of an annuity computed under section 8339 (a)–(e) and (h) of this title as may apply with respect to the employee or Member, except that in the computation of the annuity under such section, the annuity of the employee or Member shall be at least the smaller of (i) 40 percent of his average pay, or (ii) the sum obtained under such section after increasing his service of the type last performed by the period elapsing between the date of death and the date he would have become 60 years of age."

(b) Subsection (e)(1) of such section is amended to read as follows:

"(e)(1) If an employee or Member dies after completing at least 18 consecutive months of civilian service, or an employee or Member dies after retiring under this subchapter, and is survived by a spouse, each surviving child is entitled to an annuity equal to the smallest of—

"(A) 60 percent of the average pay of the employee or Member divided by the number of children;

"(B) $900; or

"(C) $2,700 divided by the number of children; subject to section 8340 of this title. If the employee or Member is not survived by a spouse, each surviving child is entitled to an annuity equal to the smallest of—

"(i) 75 percent of the average pay of the employee or Member divided by the number of children;

"(ii) $1,080; or

"(iii) $3,240 divided by the number of children; subject to section 8340 of this title."

SEC. 207. Section 8345 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) An amount, not to exceed $3,000 each year, which is received by an annuitant or a survivor annuitant under this subchapter and, except for this subsection, which would be included as gross income for purposes of the Federal income tax laws, shall not be included as gross income under such laws."

SEC. 208. (a) The amendments made by sections 201, 202, 203, and 206(a) of this Act shall not apply in the cases of persons retired or otherwise separated prior to the date of enactment of this Act, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if such sections had not been enacted.

(b) The amendments made by section 204 (a) of this Act to section 8340 of title 5, United States Code, shall apply only to annuity increases which become effective under such section 8340 after the date of enactment of this Act.

(c)(1) The amendment made by section 206(b) of this Act shall become effective on the first day of this first month which begins on or after the date of enactment of this Act.

(2) The annuity of each surviving child receiving an annuity under section 8341(e) of title 5, United States Code, or comparable provision of a prior law, immediately prior to the effective date of such amendment shall be recomputed, effective on such date, in accordance with such amendment. No increase allowed and in force prior to such date under section 8340 of such title shall be included in the recomputation of any such annuity, and this paragraph shall not operate to reduce any annuity.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. COTTON. Mr. President, if I correctly understand what the Senator from Delaware has just said, his chief objection is to changing the 5-year period to 3 years in the calculation of the pension.

Mr. WILLIAMS of Delaware. And I also object to the 1 percent escalation clause.

Mr. COTTON. Referring to the first subject first, I might have a good deal of sympathy with the Senator's opposition as far as Members of the Senate and House of Representatives are concerned. However, there are others to be considered.

I think one of the tragedies of our situation here is the fact that when a Member of Congress dies, retires, or is defeated for reelection and his service suddenly terminates, the impact falls on his staff and employees.

We have all seen that while many of the staff members and employees readily find new employment with other Members, there have been many instances of hardship worked through the years on our faithful staff members who find themselves out of employment and unable to make new arrangements. At least, they are not able to make them without a lapse of time between their periods of employment. That seriously affects the continuity of their service and their retirement benefits.

It would seem to me that there is certainly a big distinction between the three-year period—and that is all I am addressing myself to here—for members as against staff and other employees who are subject to the hazards of a sudden severance from their jobs by reason of the death, retirement, or other ending of the service of the Member whom they are serving.

I cannot see my way clear to supporting the Senator's motion for that main reason. If the Senator's motion affected only Members of Congress, I might have sympathy with it and I might be able to support it. However, I think we owe something to those faithful people who have served us through the years.

Mr. WILLIAMS of Delaware. Mr. President, the Senator from New Hampshire makes a point, and I appreciate his position. He is correct. There is insecurity involved for the staff members of Members of Congress; however, on the the other hand, that is somewhat offset by virtue of the fact that employees of Congress traditionally draw higher salaries for comparable jobs than is the

case in other branches of the Government civil service or in private industry.

That is necessary if we are to get competent help. When the employees come here they know there is no security involved in their jobs.

Mr. COTTON. And they work much longer hours than the people downtown. I think they earn what they get.

Mr. WILLIAMS of Delaware. I am not questioning that. I agree fully. As one who has been very fortunate in having as competent a staff as any other Member of the Senate I certainly join the Senator in paying tribute to our staffs. However, on the other hand, we are dealing with a bill that not only affects staff members and Members of Congress but also affects the executive branch as well. I think we should handle it all in one related term.

I would have no objection if we could stop on page 10, line 3, and leave in the bill all the modifications they made on the survivorship benefits.

But so far as the first part of it, dealing with the 3-year formula, which raises pensions by nearly 10 percent, and the escalating clause where retirees would actually make money on inflation, I think that certainly should be deleted. I would want to make it clear to the Senator from New Hampshire that this change still would not correct the point that he raised, because the point dealing with legislative employees, which he raised, would be in the part I would still be deleting.

Mr. President, in order to condense this issue to just these two major increases I am going to change my motion to strike out beginning on page 8, line 5, down to and including line 17 on page 10.

The ACTING PRESIDENT pro tempore. The clerk will state the proposed amendment.

The ASSISTANT LEGISLATIVE CLERK. The Senator from Delaware proposes to strike the language beginning at page 8, line 5, down through line 17, on page 10.

The language proposed to be stricken is as follows:

TITLE II—CIVIL SERVICE RETIREMENT BENEFITS

SEC. 201. Paragraph (4)(A) of section 8331 of title 5, United States Code, is amended to read as follows:

"(A) over any 3 consecutive years of creditable service or, in the case of an annuity under subsection (d) or (e)(1) of section 8341 of this title based on service of less than 3 years, over the period of service; or".

SEC. 202. Subsection (g) of section 8334 of title 5, United States Code, is amended—

(1) by striking out the word "or" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and the word "or"; and

(3) by adding the following new paragraph immediately below paragraph (4):

"(5) days of unused sick leave credited under section 8339(m) of this title.".

SEC. 203. Section 8339 of title 5, United States Code, is amended—

(1) by striking out of subsection (b) the words "so much of his service as a Congressional employee and his military service as does not exceed a total of 15 years" and inserting in lieu thereof "his service as a Congressional employee, his military service not exceeding 5 years,";

(2) by amending subsection (c)(2) to read as follows:

"(2) his Congressional employee service;";

(3) by striking out the last full sentence of subsection (f);

(4) by striking out "(excluding any increase because of retirement under section 8337 of this title)" in subsection (1); and

(5) by adding at the end thereof the following new subsection:

"(m) In computing any annuity under subsections (a)–(d) of this section, the total service of an employee who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity includes, without regard to the limitations imposed by subsection (e) of this section, the days of unused sick leave to his credit under a formal leave system, except that these days will not be counted in determining average pay or annuity eligibility under this subchapter.".

SEC. 204. (a) Subsection (b) of section 8340 of title 5, United States Code, is amended by inserting "1 percent plus" immediately after the word "by".

(b) Subsection (c)(2) of such section is amended to read as follows:

"(2) For the purpose of computing the annuity of a child under section 8341(e) of this title that commences on or after the first day of the first month that begins on or after the date of enactment of the Civil Service Reirement Amendments of 1969, the items $900, $1,080, $2,700, and $3,240 appearing in section 8341(e) of this title shall be increased by the total percent increases allowed and in force under this section on or after such day and, in case of a deceased annuitant, the items 60 percent and 75 percent appearing in section 8341(e) of this title shall be increased by the total percent allowed and in force to the annuitant under this section on or after such day."

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. HOLLAND. In looking at this amendment, it seems to me that it cuts two provisions which I think are quite sound, and I want to ask the distinguished Senator if this is not true.

First, it cuts the provision that allows credit for days of unused sick leave. Am I correct?

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. HOLLAND. What is the justification for cutting that out?

Mr. WILLIAMS of Delaware. I just said that the main purpose of this bill, as I see it, was to restore some semblance of fiscal responsibility to the retirement fund. Title I does that. I have eliminated those changes dealing with proposed pension increases in sections 205 and 206, and of course we have already stricken 207. Perhaps each one of these could be debated, but I think we should not consider the liberalization of these pensions as proposed in this bill.

I understand that the increased benefits under this section which we are dealing with here involve approximately a billion-dollar difference in the actuarial deficiency of the retirement fund. I do not think this is the time to approve a billion-dollar increase in retirement benefits. Congress this year has already enacted salary increases for top executives and Members of Congress, ranging from 40 to 60 percent. That was wrong; but now why increase pensions as proposed in this bill?

That is my personal position, and I will ask, Mr. President, at the appropriate time for a record vote.

I respect the views of the various Members. As I pointed out to the Senator from New Hampshire, I do not want to leave this misunderstood. The points he raised are not taken care of in this modification of my amendment.

Mr. COTTON. I thank the Senator.

Mr. HOLLAND. I notice that included in the parts to be stricken is one part that is not a liberalization. It begins on line 1, page 9, and goes down through line 6. It has to do with how much of the military service an employee or a member shall be allowed in the computation. As I understand the provision, it proposes to reduce the number of years of military service allowed—from 15 to 5 years. That certainly is not a liberalization. Quite the contrary, it is an economy measure.

May I ask whether the Senator has considered the fact that his amendment also covers that particular feature?

Mr. WILLIAMS of Delaware. I have. As I pointed out in answer to the question with respect to the unused leave, I do not think we should deal with any of those factors so far as this bill is concerned. I intentionally included the ones which the Senator refers to, and I realize that he is correct in his analysis of that, too.

Mr. HOLLAND. I thank the Senator for his frankness. It seems to me that his amendment goes a good deal further than his intention, and I could not vote for it in the form that it is presented.

Mr. WILLIAMS of Delaware. I appreciate it. It is not further than I intended. Perhaps it does go further than some would think it should. But the basic 90 percent, or more than 90 percent, of what is involved in this motion, in dollar volume, is all in the change in the formula with respect to the computation of the annuities or the escalating clauses as a result of inflation.

My feeling is that at a time when we are dealing with the problem of inflation, it is not a time when we can afford to liberalize pensions. Unless we take prompt action the entire fund itself will be insolvent in a matter of a few years.

I support the provisions of title I. On the other hand, I do not think these large increases in pensions for Members of Congress and others can be justified. For that reason, I hope this amendment will be agreed to.

Mr. McGEE. Mr. President, I hope the Senate will not accept the pending amendment, and I would like to suggest why I feel that way.

The Committee on Post Office and Civil Service was also very conscious of the cost factor and was even hesitant about the cost of putting the fund on a sound financial basis. But we believe you have to start being honest sometime with the established fund for civil service retirement and that the time to begin is now. It was not an easy decision; it was not a happy decision; but we would like to think it was a little bit statesmanlike.

We likewise believe that in that process, as we make that fund solvent, we also ought to assist the annuitants themselves in remaining solvent, and that this, too, is a good reason for that program. Our very modest adjustments and modifications and changes in policy in regard

to civil service retirees fall into that category.

I would say to my friend the Senator from Delaware that in arriving at this decision, the committee raised the contributions in each category to more than pay for the accruing benefits. It comes out to a 14-percent increase in the contribution and 13.9-plus percent of new funds that are required under the benefits that were added in the bill. We were very conscious of this point.

So I think we would do well to weigh very carefully the elements in title II that the Senator is proposing to strike, the high three; the sick leave allowance toward retirement; the annuities for children that we are proposing to raise from $61 to $75 a month, so that they can live it up in great affluence; and the 1 percent that we add to the 3 percent cost-of-living adjustment—that is already the law—which is only aimed at atoning for the remaining inequity there. That remaining inequity is that by the time the annuitant gets the 3 percent, it is already 5 or 6 months later, after the reading was taken. It was felt that it was only fair and just to add that 1 percent, so that by the time he got it, in the direction that things are now moving, he would almost be catching up with the cost of living.

I say it is unusual language for the Senate to suggest that we want to ignore the needs of the one group that suffers first and most from inflationary forces. Here is the group which has no other recourse except for the endeavors in this body. They have no other place to turn. They cannot receive a salary increase or a salary adjustment without us. We are trying to make it possible for them to survive these rising costs. In an extremely modest way, this is what we have tried to do with this 1 percent.

With regard to Members of Congress, it becomes piayunish when we single out Members of Congress every time one of these measures comes up. We are Federal employees and the moment one group is selected over another group the stage is being set for the next group, the next, and the next. It is far more simple in terms of total money, it was far more equitable, and more fundamental to quit trying to nitpick with respect to groups. We explored this possibility and decided that was not wise legislation.

I do not want the Senator from Delaware to leave the impression here that the committee did not worry about these matters at all. In our collective judgment, which was unanimous, we felt this was the most reasonable balance we could achieve, and it is a good balance, and still stay within the confines of our determination to be responsible about it in terms of fiscal responsibility.

I hope this body will reject the pending amendment of the Senator from Delaware.

Mr. FONG. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. FONG. Is it not true that if we adopt the amendment of the distinguished Senator from Delaware we would be forcing the employee to add one-half percent to his retirement without giving him any more benefits?

Mr. McGEE. Indeed, the Senator is correct. That would be the net effect. They would get nothing for that increase.

Mr. FONG. And for congressional employees, we are raising them 1 percent, from 6.5 to 7.5 percent, and they would not get anything.

Mr. McGEE. The Senator is correct.

Mr. FONG. Members of Congress would be increased to 8 percent. Is that correct?

Mr. McGEE. This measure proposes to raise Members of Congress to 8 percent.

Mr. FONG. The reason for raising these percentages is to cover a sufficient amount of money so we can give them the added benefits the Senator from Delaware would knock out. Is that correct?

Mr. McGEE. The Senator is correct.

Mr. FONG. And even with these increases we are 0.02 percent below the total amount that will be contributed by the employee and the employer.

Mr. McGEE. That is correct. This is right to the point on the issue raised by the Senator from Delaware, who has an understandable and legitimate concern about fiscal responsibility in our country, and rising costs. That is why the committee did what it did.

Mr. FONG. The committee also raised the contribution and that is why we raised it.

Mr. McGEE. We raised the contribution to just a bit more than to cover benefits.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. HOLLAND. Assuming that when we raised the level of pay for employees of the Government we did so because of increased living costs, is it not practical to base the amount upon which the retirement is figured upon the greatest 3 years, which would be the last 3 years, rather than on 5 years, which takes the period back to a time of much lower living costs?

Mr. McGEE. That is correct.

Mr. HOLLAND. In other words, putting it on a 3-year basis, retirement is figured more nearly on the current living costs. Is that correct?

Mr. McGEE. The Senator is correct.

Mr. HOLLAND. It is more nearly up with present living costs than on a 5-year base?

Mr. McGEE. The Senator is correct.

Mr. HOLLAND. I congratulate the Senator and the committee for recognizing that fact which to me seems entirely practical and just.

Mr. McGEE. I thank the Senator for his comments. I yield the floor.

Mr. President, I am ready to vote.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, I am willing to proceed to a vote in just a moment.

The Senator from Wyoming pointed out that raising the one-half percent contribution by employees finances the increased benefits under the pending bill. The Senator is correct to that extent. Title I of the bill does raise the cost of the retirement system to those who are now civil service employees by, I would guess, approximately the amount of the benefits.

However, the point I make is that this increases in the deductions from the payroll checks of the employees for the retirement system was intended to offset some of the benefits Congress has been passing in years heretofore. For years Congress has been liberalizing the retirement benefits without providing methods of financing. I have raised this point many times when we were acting on such legislation in the past. Let us not forget, pensions have already had one increase as the result of the salary increases earlier this year.

Congress has enacted several increases in the benefits in the retirement system which were not financed over the years. That is the reason the retirement fund is not solvent. The deficiency is around $50 billion to $55 billion.

Let no one be disillusioned. The deficiency created in the liberalizations enacted by previous Congresses is at the expense of the American taxpayers.

Under title I of this bill, beginning next year, we start with $275 million, and that graduates up to a couple billion dollars that will be paid into the fund annually. These will be appropriated funds that will be paid by taxpayers, so we are not dealing with increased pensions which will be financed by employees themselves. It will not be financed on the formula which was recognized first where the employees' contribution would be 6.5 percent and the Government, as the employer, would match it with 6.5 percent. This bill goes far beyond the matching provision, and the ultimate end is that taxpayers will be financing the appropriations—about $2 billion from general revenue.

Financing Government pensions from general revenue is a drastic change from what was intended when this retirement system was first established.

I question whether we have any right at this time to saddle the American taxpayers with this extra $2 billion annual cost to finance a retirement system which will extend to Government employees and Government employees alone a guarantee that once they retire not only will their pensions be guaranteed against any ravages of future inflation, but also they will actually make a 25-percent profit on all inflation that develops after retirement. I do not think such a provision can be justified any more than we can justify the other section of the bill which grants a 10-percent increase in retirement benefits.

For that reason I hope the section is deleted from the bill.

Mr. SPONG. Mr. President, the findings and conclusions of the Committee on Post Office and Civil Service with respect to the $3,000 income tax exemption are basically logical and fair. Neither social security nor railroad retirement is subject to the Federal income tax, and since many of those annuitants are among those 65 years old and older and already are receiving a double exemption, it seems clearly equitable to exempt a reasonable portion of the civil service retirement annuities from Federal taxation.

It is my hope that such an exemption will be brought before the Senate in an acceptable form as soon as possible.

Mr. President, I have shared the concern of many Federal employees with respect to the financing of the civil service retirement fund. It has been my feeling that Congress should face up to this problem and take no further actions to deplete the fund until some method has been devised to stabilize it.

I commend the members of the Post Office and Civil Service Committee for their efforts to provide a solution to the problems which have resulted from increased retirement benefits and other actions in the past that have created an unfunded liability without any method of payment into the fund for these liabilities.

The provisions of title I, which provide for annual payments to the fund and for increased contributions, should be helpful in our efforts to stabilize the fund.

The older citizens of our country have a difficult time making ends meet. As a group, those over 65 have a higher poverty rate than any other age group. Low income is a major concern to them, and their savings, pensions, and similar assets are eroded swiftly by inflation and the rising cost of living. Retired employees of the Federal Government are not exempt from these acute economic problems that affect the elderly, and I think the Government has a responsibility to its employees who have labored long and faithfully in its service.

I am glad to support the bill.

Mr. COOK. Mr. President, there was a provision of the bill which puzzled me—one adding 1 percent to the 3 percent cost-of-living increases—although I supported the benefits and cost-of-living increases.

I heartily support the bill and announce that I shall vote "yea."

Mr. WILLIAMS of Delaware. Mr. President, I am ready to vote.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Delaware (Mr. WILLIAMS). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Indiana (Mr. BAYH), the Senator from North Dakota (Mr. BURDICK), the Senator from Nevada (Mr. CANNON), the Senator from California (Mr. CRANSTON), the Senator from North Carolina (Mr. ERVIN), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Hawaii (Mr. INOUYE), the Senator from North Carolina (Mr. JORDAN), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Utah (Mr. MOSS), the Senator from Maine (Mr. MUSKIE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Georgia (Mr. RUSSELL), the Senator from Maryland (Mr. TYDINGS), and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I also announce that the Senator from Michigan (Mr. HART), the Senator from Iowa (Mr. HUGHES), the Senator from Washington (Mr. MAGNUSON), and the Senator from Washington (Mr. JACKSON) are absent on official business.

I further announce that, if present and voting, the Senator from Washington (Mr. JACKSON), the Senator from California (Mr. CRANSTON), the Senator from Maryland (Mr. TYDINGS), the Senator from Texas (Mr. YARBOROUGH), the Senator from Indiana (Mr. BAYH), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Nevada (Mr. CANNON), and the Senator from Iowa (Mr. HUGHES) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. FANNIN), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Illinois (Mr. SMITH), the Senator from Alaska (Mr. STEVENS), the Senator from Ohio (Mr. SAXBE), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

The Senator from Texas (Mr. TOWER) is detained on official business.

If present and voting, the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Arizona (Mr. FANNIN), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Alaska (Mr. STEVENS), the Senator from Ohio (Mr. SAXBE), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) would each vote "nay."

The result was announced—yeas 8, nays 56, as follows:

[No. 111 Leg.]

YEAS—8

Aiken	Curtis	Williams, Del.
Baker	Hansen	Young, Ohio
Cook	Packwood	

NAYS—56

Allen	Goodell	Nelson
Allott	Griffin	Pastore
Bible	Gurney	Pearson
Boggs	Hartke	Pell
Brooke	Holland	Percy
Byrd, Va.	Hollings	Prouty
Byrd, W. Va.	Hruska	Proxmire
Case	Javits	Ribicoff
Church	Jordan, Idaho	Schweiker
Cooper	Kennedy	Scott
Cotton	Long	Smith, Maine
Dodd	Mansfield	Sparkman
Dole	Mathias	Spong
Eagleton	McGee	Stennis
Eastland	McGovern	Symington
Ellender	Metcalf	Talmadge
Fong	Miller	Williams, N.J.
Fulbright	Mondale	Young, N. Dak.
Goldwater	Mundt	

NOT VOTING—36

Anderson	Harris	Moss
Bayh	Hart	Murphy
Bellmon	Hatfield	Muskie
Bennett	Hughes	Randolph
Burdick	Inouye	Russell
Cannon	Jackson	Saxbe
Cranston	Jordan, N.C.	Smith, Ill.
Dominick	Magnuson	Stevens
Ervin	McCarthy	Thurmond
Fannin	McClellan	Tower
Gore	McIntyre	Tydings
Gravel	Montoya	Yarborough

So the amendment of Mr. WILLIAMS of Delaware was rejected.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment.

If there be no further amendment, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

The bill was read the third time.

Mr. McGEE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 334, H.R. 9825.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (H.R. 9825) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. McGEE. Mr. President, I move to strike out all after the enacting clause and insert in lieu thereof the text of S. 2754, as amended.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Wyoming.

The motion was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I shall vote against the bill. As I stated earlier, I think title I, restoring some degree of solvency to the retirement fund, was necessary, and I would like to support it; however, I do not think that we should at this time increase retirement benefits for all Government employees an average of about 10 percent, as is done under the bill as a result of the change in the formula.

The second point is that under the bill it is guaranteed to all retired Government employees that, from this day forward, not only will their pensions be protected against the ravages of inflation but also that Government employees will actually make 25 percent on the inflation that develops from the day they retire. That is, as the cost of living goes up 3 percent, the retirement benefits will increase 3 percent plus 1 percent, which means the benefits will increase 4 percent for every 3-percent increase in the cost of living. It is an escalation clause, which means that from now on Government employees—including ourselves and those in the executive department who are responsible for inflation—will actually make money. The more inflation we have the more retirement benefits we will get because the bill guarantees that never again, as we retire from this day forward, will we have to worry about the ravages of inflation.

Government employees, alone of all the American people, will now be guaranteed that their pensions will never be adversely affected by inflation. Not only that, they will make 25 percent on inflation because the pensions of Government employees will increase 25 percent faster than the cost of living.

I think it is an outrage that the Congress would adopt such a provision and ask it be supported, as it does, by the American taxpayer to the tune of $2 bil-

lion a year from general revenue. That will be the cost to the taxpayers.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute.

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. The question now is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 9825) was read the third time.

Mr. GOLDWATER. Mr. President, I would like to ask the Senator from Delaware a question. If it is in the hearings, the Senator can tell me, and I will look it up, but I have not found it.

It was my understanding a few years ago that the civil service retirement fund was not in good shape.

Mr. WILLIAMS of Delaware. That is correct. There is an actuarial deficiency in excess of $50 billion.

Mr. GOLDWATER. $50 billion?

Mr. WILLIAMS of Delaware. Yes; and that is due to the fact that over the years since Congress established the rate of deductions from the employees, back about 20 years ago, Congress has liberalized the benefits for civil service retirees without increasing the deductions or the payments into the fund

A part of the deficiency has also resulted from the fact that for a number of years the Government itself did not put into the fund the matching money against the deductions of the employees, and to that extent the deficiency is, in my opinion, an obligation of the U.S. Government.

But on a matching basis of 6.5 percent from the employees and 6.5 percent from the Government as the employer, that 13 percent will pay only about one-half of the benefits that are now provided under the civil service retirement system, which means that this bill, recognizing that fact, provides for direct appropriations from general revenue in addition to the deductions beginning with $278 million a year next year, and the figure will escalate until it reaches an annual total of $2 billion a year. From then on it remains at approximately that figure of direct taxes paid into the fund under the provisions of this bill. It could even grow somewhat higher so that each year the taxpayers will be called upon to pay taxes to the extent of about $2 billion a year to support benefits under the civil service retirement system which are not being paid for by the employees and the Government on a matching basis.

I do not think that was right. I support the sections of title I which would provide the method of financing this fund by increased deductions. I think that was a long overdue recognition of the situation that exists, but I do not agree that at the same time we should increase the benefits further. According to the estimate that was given to me, the increased benefits that the committee would provide under this bill will add another $1 billion to the actuarial deficiency.

The Senator from Wyoming very properly pointed out that the increased benefits under this measure, for the first time under a civil service retirement bill, are being financed by increased deductions from the payroll checks of the employees. But the point I made was that these new increases in deductions should be used, not to pay new benefits such as are before the Senate today, but to cover the cost of benefits which have been approved by preceding Congresses in the past 15 years and which were not properly financed at the time.

Now we are starting all over again to create another deficiency in the civil service retirement fund.

Mr. GOLDWATER. In view of that statement, I should like to ask the Senator another question. If we follow the procedures outlined or suggested in this bill, we offset the attempt to bring the retirement fund into actuarial soundness and continue the same problem; am I correct in that?

Mr. WILLIAMS of Delaware. That is correct, except that they propose to correct that problem in this manner: by tapping the Federal Treasury to the extent of $2 billion a year. I just do not think that we have a right at this time to call on the American taxpayers, who are having enough to do to pay their taxes and to provide for their own retirement, to pay another $2 billion per year to support the retirement benefits of Government employees.

I believe in a sound retirement system. I was on the committee the first few years after I came here and had something to do with writing the present retirement system. We are proud of it. I remember the then Senator from Maryland, Mr. O'Conor, took a very active part at that time, and we worked out and finally reported a bill which was reasonably actuarially solvent in that the contributions of the employees when matched by those of the Government would keep it on a solvent basis.

Unfortunately over the years, year by year, Congress has liberalized the benefits without increasing the employee contributions, with the result that we have built up this tremendous deficiency in the retirement fund, such that if no action were taken at all it is estimated that within about 10 or 12 years the fund would be bankrupt.

Certainly we cannot allow that. But I felt that the provisions that would provide for increasing the contributions to make the fund solvent should have been kept and used for that purpose, rather than to start this same "escalation clause" of increasing our benefits all over again. I do not think we can justify by any means here today raising the retirement benefits for Government employees by about 10 percent by changing the formula from the 5-year to the 3-year formula. Nor can we justify adding another section to guarantee that, in perpetuity, a retired Government official will never again have to worry about the ravages of inflation by actually getting a 25-percent increase over the degree of inflation as it goes along. In other words, we would collect a 25-percent premium on inflation. I think it is outrageous that Congress would ever propose such a measure. It was for that reason I tried to delete those provisions from the bill. I was unsuccessful, and I shall vote against the bill.

Mr. GOLDWATER. One further question, and then the Senator will have satisfied my lack of knowledge.

The Senator says the fund is now $50 billion in the red, and that, if we had not provided in section 1 means to offset that, it would have meant bankruptcy of the fund, probably, in 10 years.

My question is, in view of the fact that the increases in benefits offset some of the other increases, have we absolutely guaranteed that there will never be a time when the fund is bankrupt?

Mr. WILLIAMS of Delaware. To a large extent this bill does that in this manner; the bill provides unlimited authority to tap the Federal Treasury and let the taxpayers keep it solvent.

Mr. GOLDWATER. I thank the Senator.

Mr. WILLIAMS of Delaware. The committee frankly admits in its estimate that such contributions from the Treasury will be at the rate of $2 billion a year when it becomes fully operative.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. CURTIS. I should like to state that the junior Senator from Nebraska is of the opinion that there are probably many individual cases where the record is such that they merit and deserve the provisions of this bill. There is another matter that disturbs me, however, and that is the total impact of the bill, and the total cost of it is, at a time when our budget, as far as general funds are concerned, is at a deficit, and it appears that it will be that way for some time.

I am also mindful of the restraints placed upon the people who are not associated with the Federal Government. They are asked to hold the line. I do not believe that private pensioners, in the main, have the liberality that we extend to Government pensioners. I believe that the social security program has fallen behind the overall benefits of the civil service.

Would the Senator agree that while many provisions in the bill may be desirous, or many provisions that certain individuals or groups merit and deserve, now is a bad time to make a sizable financial commitment that will run for all time and from which there can be no retreat?

Mr. WILLIAMS of Delaware. I certainly would. I think that to take this step now is poorly advised. That is why I cannot support the bill in its present form. I want the RECORD to show that I do not support this provision. It was for that reason that I tried to delete these liberalization provisions from the bill, but that amendment was overwhelmingly defeated.

Mr. COOPER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. COOPER. The Senator stated that in the future the liberalized benefits would be paid by increased deductions

from the compensation of employees. Is that correct?

Mr. WILLIAMS of Delaware. There are increased deductions from the employees provided for in this bill which would about offset the liberalized features of the bill; that is true. But I take the position that the increased contributions should have been directed toward correcting some of the present insolvency of the retirement fund rather than unloading that burden on the taxpayers. That is the point I make. To call upon the taxpayers to shoulder this burden cannot be justified.

Mr. COOPER. The Senator spoke about an automatic cost-of-living increase. Would that be provided by increased deductions from employees' pay?

Mr. WILLIAMS of Delaware. No; future increases would be financed automatically out of the Federal Treasury. The bill provides that as the increases become effective the obligations of the Federal Treasury will be increased in proportion. So to that extent it could be said that future increases will be financed by the taxpayers.

Mr. COOPER. The Senator said, as I understood him, that the actuarial deficit would reach about $50 billion in 10 years.

Mr. WILLIAMS of Delaware. That is the deficit now.

Mr. COOPER. As I remember, in previous years the Senator from Delaware urged that the deficit should be corrected. What would happen with respect to the thousands of employees who have retired and whose deductions were of the amounts required of them during their service? I think it is obvious that they could not live on those amounts now. Am I correct?

Mr. WILLIAMS of Delaware. The Senator is correct. I would support title I of the pending bill under which that deficiency is corrected and a guarantee extended to those who have retired that the pension fund will be solvent for the remainder of their lives.

I think the committee should be commended on that point. It is a long overdue recognition of the insolvency of this retirement fund. Sooner or later Congress will have to face up to the fact that the fund is approaching the day of insolvency.

I support the committee's action under title I wherein it raises the contribution rates for both employees and the Federal Government as the employer.

Mr. COOPER. Mr. President, will the Senator state whether from this time forward, if the bill should be enacted into law, the deductions would be sufficient—and no one can tell, but I mean from an estimate standpoint—to pay the benefits that must be paid. Assuming that there had been do deficit in the past and looking at the matter as if we were starting on it now, would the fund be solvent without the help of the taxpayers funds?

Mr. WILLIAMS of Delaware. It would not under this pending bill. Assuming that the 6.5 percent contributed by the employee is matched by the employer, for a total of 13 percent, that 13 percent would not be sufficient to pay the benefits from this time forward. It would require an additional contribution of around $2 billion per year from general revenue. There would be a deficiency of about 9 percent of the Federal payroll. In other words, the Government would have to put in about $2 billion per year.

Mr. McGEE. Mr. President, would it not be to the point of the Senator's question to say that the pending bill does address itself to staying ahead, so that the fund will be solvent when our due date is arrived at? We have provided in the bill for keeping the fund solvent.

Mr. WILLIAMS of Delaware. The Senator is correct. As I pointed out, it does it in this manner.

There are automatic clauses that could trigger an increased Government contribution out of general revenue in order to keep it solvent.

Under that escalator clause the committee estimated the cost to the taxpayers would be about $2 billion a year 10 years from now. And if in the future other benefits are approved and the new financing is not provided for by increased deductions then the $2 billion figure would rise proportionately.

Mr. McGEE. The committee did provide for an increase in the deductions to pay for these particular benefits. However, the important point is that the deficiency is not due to the failure of the employees to contribute, but to the failure of the U.S. Government to set aside its proportionate share each year. This is the matter that we are seeking to correct.

Mr. WILLIAMS of Delaware. The statement is partly correct. There was a period of years when the Government did not put in the matching contribution. Those matching contributions of the Federal Government plus interest would amount to about $5 billion or $6 billion and would take care of about one-tenth of the present actuarial deficiency. That arises from the fact that even though the Government was on an equal matching basis, if the Government had made all its payments plus interest there would still be $40 billion deficiency remaining which would have to be taken care of either by increased contributions or by tapping the Federal Treasury, as the committee decided to do.

This deficiency in the funds is the result of past Congresses voting increased retirement benefits without making provisions to raise the money to pay them.

So while it is partly true to say that some of the deficiency results from the failure of the Government to have matched the contributions of the employees that is only about 10 percent of the deficiency.

Mr. COOPER. Mr. President, as I understand it, the chief portion of the actuarial deficit results from the fact that Congress did not first require sufficient deductions from the employees.

Mr. WILLIAMS of Delaware. At first it did require deductions in a sufficient amount when the Federal Government matched them. However, Congress over the years has been liberalizing the pension funds, but it did not at the same time increase the deductions to provide for a method of financing.

One of the points that the former Senator from Maryland, Senator O'Conor, and I made 20 years ago when we dealt with the matter was that we should incorporate a requirement in the law to the effect that every time Congress raised the benefits it would have to raise the deductions on the part of both the employees and the Government at the same time.

Had we been successful then we would not be here today with a $50 billion deficit. Over the last 15 years Congress has been raising retirement benefits practically every year for the employees and at the same time making no provisions at all for the financing of these benefits. It has been the same old story. Members of Congress scramble for a chance to spend money, but they are very bashful when it comes to imposing the tax to pay for the programs.

Even here today, while the committee authorizes that the Federal Treasury can be tapped for an extra $2 billion annually to pay for the cost of these retirements increases, they defer the date of this new tax until after next year's election.

The committee had to provide financing in the pending bill to pay for the benefit increases that had been granted for the past 15 years, but why start this parade all over again by authorizing a new round of increases? If the money provided under title I were intended to pay for the past benefits that have been voted my contention is that we should have kept it to that point and not started another round of escalation.

Mr. COOPER. Does one-half of the deficit, or a great part of the deficit, result from the fact that in the past Congress did not appropriate sufficient funds to pay the Government's share, the employer's share, of the fund?

Mr. WILLIAMS of Delaware. That would only account for about 10 percent of the deficiency. The other 90 percent is accounted for by the fact that Congress in the past approved benefits that were not matched by the increased contributions on the part of the employees and the Government.

Mr. COOPER. Mr. President, it is not likely that we could levy upon the employees who have already retired increased deductions to make up for the past deficit.

Mr. WILLIAMS of Delaware. No, that could not be done. I would not support such a move, and I do not think it could be done.

As these employees retire it is a contract they have with the Government, and I do not think you can go back and rescind it.

I have always taken the position that what the retired employees of the Government want most, No. 1, is the assurance that, no matter how long they live, this fund will be solvent and their payments will continue. They do not want to figure that they have to die by a certain date or they will not have anything on which to live. They want assurance that the pension will be paid as long as they live, and that is one point we have to be sure to protect. I think we should consider that point as No. 1.

The second point is, to what extent can it be liberalized? That is equally important to them.

But the major point is that once an employee retires and is dependent upon the pension he wants the assurance that he does not have to die early in life in order to keep from going to the poorhouse. I think we in Congress have been negligent in giving him that assurance.

Mr. COOPER. The social security trust fund is not actuarially solvent, is it?

Mr. WILLIAMS of Delaware. Not from the standpoint of insurance. But it is actuarially solvent—or was—on the premise the workers under the law have to come under it; therefore, the Government is assured of continued contributors and policy holders for life.

For years it has been a policy accepted and recognized by the Ways and Means Commitee and the Finance Committee that they would consider no increased benefits in social security if there were not in the same bill provisions for an increased contribution or tax to pay for it. That has been the policy, and we have mentioned it on the floor of the Senate when various Members have proposed increased social security benefits. Members were told there was no use in approving increased benefits unless there were a tax in the same bill to provide the financing.

Had that rule been in effect in the Civil Service Retirement Act 20 years ago we would not be in this dilemma today, and I wish it were a part of this bill. Then we would have the situation that Members of Congress as they vote for increased benefits, which is always popular, would also vote to raise the contributing rates for the employees.

The unfortunate point is that after next year Congress will be required to raise the taxes of the American taxpayers to the extent of $2 billion a year to pay for the benefits that are being approved under this bill today.

Mr. COOPER. If the social security trust fund should be threatened, its real solvency rests upon the credit of the United States and the taxes and appropriations to keep it solvent.

Mr. WILLIAMS of Delaware. Morally, yes; that is the answer. Legally the social security pension fund is not anchored to the Federal Treasury. The civil service retirement fund will be anchored to the Federal Treasury under this bill.

Government employees under this bill are being placed in a special class with benefits that are not available to any other type of citizens and these benefits are being financed directly out of general revenue. I trust that those who have voted for this bill here today will explain this to their taxpaying constituents.

Mr. COOPER. I am glad to have the explanation of the Senator from Delaware. I think it a mistake to add the 1 percent to the cost of living increase, and am sorry that is in the bill. But, on the whole, I think this bill does move toward protecting the trust fund and protecting the retirees.

Mr. DOLE. Mr. President, I support S. 2754. Upon reading the report, I was impressed by the committee's approach taken to resolve problems presently confronting our civil service retirement and disability system. The committee has recommended an extension of benefits and also a realistic concern about financing the benefits.

I have long been sympathetic to the needs of our retired citizens who must live on a fixed income. During periods of inflation, as now, senior citizens bear an unfair share of the problems caused by the decreasing purchasing power of our dollar. Many who gave years of dedicated service find themselves unable to exist on the retirement pay they had anticipated would allow them to live comfortably in their later years.

Several provisions in S. 2754 are particularly noteworthy. Section 204(a) will provide for an additional 1-percent adjustment with each cost-of-living increase. Existing law provides for an adjustment whenever the consumer price index shows a 3-percent increase for each of 3 consecutive months. The 1-percent increase will allow our retired civil servants to live more realistically with an inflation rate that has been averaging 6.4 percent.

Section 201 of S. 2754 will more fully reward the civil service employee by use of his highest 3 years of earnings as a base period for computing annuities rather than the highest 5 under existing law.

There are other provisions, including those for financing the civil service retirement and disability system, extension of credit for military service and improvements in the survivor benefits for employees who die with little Federal service, for employees who die after retiring upon a disability annuity, and for surviving children of Federal employees. All are needed additions to our civil service retirement and disability system.

I urge the Senate to pass S. 2754 as a reasonable approach to the problems of those retired from Federal services.

The ACTING PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 9825) was passed.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

Mr. FONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McGEE. Mr. President, I ask unanimous consent that, in the engrossment of the Senate amendment to H.R. 9825, the Secretary of the Senate be authorized to make the necessary clerical and technical adjustments in the language of the bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McGEE. Mr. President, I move that the Senate insist on its amendment and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Acting President pro tempore appointed Mr. McGEE, Mr. YARBOROUGH, Mr. RANDOLPH, Mr. HARTKE, Mr. FONG, Mr. BOGGS, and Mr. FANNIN conferees on the part of the Senate.

Mr. McGEE. Mr. President, I ask unanimous consent that S. 2754 be indefinitely postponed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD subsequently said: Mr. President, I ask unanimous consent that in the engrossment of the Senate amendment to H.R. 9825 the Secretary of the Senate be authorized to eliminate the last four lines of the amendment since it refers back to section 207 of the amendment which was stricken out and therefore no longer has an significance.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, the Senate's thorough, expeditious, and overwhelming acceptance of the civil service retirment measure is due primarily to its expert handling by the distinguished chairman of the Senate Post Office and Civil Service Committee, the Senator from Wyoming (Mr. McGEE). Senator McGEE, along with the members of his committee, worked diligently to report out a bill that means so much to those who serve the Government and one that is designed to stabilize the retirement fund. The Senate appreciates his knowledge of this area and the strong advocacy with which he presented its features.

We are also indebted to the senior Senator from Delaware (Mr. WILLIAMS) for his thought-provoking contributions to the discussion and appreciate very much the cooperation he exhibited.

The Senate as a whole is to be complimented for the efficient disposition of this measure today.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, informed the Senate that Mr. Maillard had been appointed as a conferee in the conference on the bill (S. 1075) to establish a national policy for the environment; to authorize studies, surveys, and research relating to ecological systems, natural resources, and the quality of the human environment; and to establish a Board of Environmental Quality Advisers, vice Mr. Pelly of Washington, excused.

PEACE CORPS ACT AMENDMENTS OF 1969

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the motion of the Senator from New York (Mr. JAVITS) of September 19, 1969, to reconsider the passage of H.R. 11039.

The PRESIDING OFFICER (Mr. McGOVERN in the chair). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the action of the Senate in appointing conferees on H.R. 11039 be reconsidered.

corded to the District of Columbia, and for other purposes (Rept. No. 91–386); and

H.R. 12677. An act to authorize the Commissioner of the District of Columbia to lease to the Jewish Historical Society of Greater Washington the former synagogue of the Adas Israel Congregation and real property of the District of Columbia for the purpose of establishing a Jewish Historical Museum (Rept. No. 91–388).

By Mr. TYDINGS (for Mr. BIBLE), from the Committee on the District of Columbia, with an amendment:

S. 2056. A bill to amend title 11 of the District of Columbia Code to permit unmarried judges of the courts of the District of Columbia who have no dependent children to terminate their payments for survivors annuity and to receive a refund of amounts paid for such annuity (Rept. No. 91–387).

EXECUTIVE REPORT OF A COMMITTEE

As in executive session, the following favorable report of a nomination was submitted:

By Mr. LONG, from the Committee on Finance:

Rex M. Mattingly, of New Mexico, to be a member of the Renegotiation Board.

BILLS INTRODUCED

Bills were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. HOLLINGS:

S. 2841. A bill to amend the Marine Resources and Engineering Development Act of 1966 to establish a comprehensive and long-range national program of research, development, technical services, exploration and utilization with respect to our marine and atmospheric environment; to the Committee on Commerce.

By Mr. PROUTY:

S. 2842. A bill to amend title 5, United States Code, to assist Government employees in preparing for retirement; to the Committee on Post Office and Civil Service.

(The remarks of Mr. PROUTY when he introduced the bill appear later in the RECORD under the appropriate heading.)

By Mr. STENNIS (for himself and Mrs. SMITH) (by request):

S. 2843. A bill to amend the Military Selective Service Act of 1967 in order to provide for a more equitable system of selecting persons for induction into the Armed Forces under such act; to the Committee on Armed Services.

(The remarks of Mr. STENNIS when he introduced the bill appear later in the RECORD under an appropriate heading.)

By Mr. BAYH:

S. 2844. A bill for the relief of Marguerita Ponce; to the Committee on the Judiciary.

By Mr. BAKER:

S. 2845. A bill for the relief of George W. Hardin; to the Committee on the Judiciary.

By Mr. KENNEDY (for himself and Mr. YARBOROUGH):

S. 2846. A bill entitled "The Developmental Disabilities Services and Facilities Construction Act of 1969"; to the Committee on Labor and Public Welfare.

(The remarks of Mr. KENNEDY when he introduced the bill appear later in the RECORD under the appropriate heading.)

By Mr. NELSON:

S. 2847. A bill to amend the Foreign Assistance Act, as amended, to authorize the Secretary of State to participate in the development of a large prototype desalting plant in Israel, and for other purposes; to the Committee on Foreign Relations.

S. 2848. A bill to amend the Mineral Leasing Act, and for other purposes; to the Committee on Interior and Insular Affairs.

(The remarks of Mr. NELSON when he introduced the bills appear later in the RECORD under appropriate headings.)

By Mr. HARRIS:

S. 2849. A bill to amend the act of August 25, 1959 with respect to the final disposition of the affairs of the Choctaw Tribe; to the Committee on Interior and Insular Affairs.

By Mr. HANSEN (for himself, Mr. CURTIS, Mr. EAVIN, Mr. FANNIN, Mrs. SMITH, and Mr. THURMOND):

S. 2850. A bill to amend the Fair Labor Standards Act of 1938 to establish procedures to relieve domestic industries and workers injured by increased imports from low-wage areas; to the Committee on Labor and Public Welfare.

(The remarks of Mr. HANSEN when he introduced the bill appear later in the RECORD under the appropriate heading.)

By Mr. MATHIAS:

S. 2851. A bill to authorize refunds of duties paid on certain forms of nickel imported between July 1, and December 31, 1967; to the Committee on Finance.

By Mr. INOUYE:

S. 2852. A bill to amend the Shipping Act, 1916, as amended, to require common carriers by water in the domestic offshore trade to obtain a certificate of convenience and necessity, and to require contract carriers by water in such trade to obtain a permit; to the Committee on Commerce.

(The remarks of Mr. INOUYE when he introduced the bill appear later in the RECORD under the appropriate heading.)

S. 2842—INTRODUCTION OF A BILL ON PRERETIREMENT PLANNING FOR FEDERAL CIVILIAN EMPLOYEES

Mr. PROUTY. Mr. President, in March of 1966 I proposed an amendment to the Social Security Act which was adopted by this body, slightly modified by the other body, and finally became law. Some refer to that law, which provided a monthly benefit to Americans age 72 or over who were not already covered under social security, as the Prouty amendment. Well over a million individuals have benefited from it, and there is not a week that passes but that letters of appreciation come to my office concerning that amendment which provides so little for those who had little to begin with.

During this session of Congress I intend to introduce legislation which will increase the monthly cash income for many of those now getting benefits under the so-called Prouty amendment. But today I want to consider one piece of evidence I used before this body on March 15, 1966, in my successful effort to convince my colleagues that there was a need for special social security benefits for older Americans not already receiving such benefits. Let me read to you a memorandum that I read then:

MEMORANDUM ON FEDERAL RETIREMENT ANNUITIES

Of the more than 200,000 surviving widows and children of civil service retirees, 38 per cent receive less than $50 a month; 79 per cent receive less than $100 a month; 93 per cent receive less than $150 a month. Ninety-nine per eent of all surviving widows and children receive less than the so-called poverty level of $3,000 a year. Of the 170,000—some widows on the civil service retirement rolls as of June 30, 1965, the average age was 65.8, the average annuity a meager $80 per month.

The situation of surviving widows and children is not necessarily the most desperate. Look at the unfortunate figures relating to employee annuitants: 49,700 receive less than $50 a month; 126,100 receive less than $100; 214,300 receive less than $150 per month; 307,600 receive less than $200. Viewing the so-called poverty level as $250 per month, 377,500 civil service empolyee annuitants out of a grand total of 508,500 receive less than poverty-scale annuities.

Alarmingly enough, nearly 74 per cent of all civil service employee annuitants receive less than the magical poverty level.

I was alarmed by those statistics then, and I continue to be alarmed by similar statistics now.

As the country's largest single employer, the Federal Government should be providing retirement protection for its employees second to none. Instead it has a retirement system basically the same as Congress intended in 1921 when it enacted the civil service retirement system. Certainly it has been modified by subsequent Congresses, but basically it continues to be a staff retirement designed more for worker retention than for retirement protection.

For example, when survivor benefits under the civil service retirement system are compared to survivor benefits under social security the disparity is disgraceful. Did you know, Mr. President, that the surviving widow and one child of a deceased civil service employee earning $500 a month and with 5 years' Federal service would receive a $78 a month benefit while had her husband been under social security instead she would get $266 a month.

Did you realize, Mr. President, that for that widow of a civil service employee to get that $266 a month her deceased husband would have had to been employed for 40 years in the Federal Government. I could repeat example after example showing the complexity and inadequacy of the civil service retirement system, but my purpose today is not to overhaul or revamp that system.

Several weeks ago I was pleased to cosponsor S. 2554 with the distinguished junior Senator from Minnesota (Mr. MONDALE). Both of us had independently arrived at the conclusion that legislation in this area was needed. However, our conceptualization of the specific methods to be used for achieving effective Government-wide preretirement planning differ. Therefore, I am today introducing a bill that I had drafted during the last Congress.

My bill differs from S. 2554 in one important respect. S. 2554 provides in part that—

> The head of each agency shall formulate and carry out a program to provide comprehensive preretirement assistance to employees of such agency who are eligible, or approaching eligibility, for retirement.

The bill I am introducing today provides that the Civil Service Commission shall provide preretirement assistance.

Now I feel that this is an important difference for two major reasons.

First, I can see the possibility for many problems in having each individual agency responsible for preretirement assistance. I suspect that there would be a great deal of employee resentment from older employees who would suspect that their employing agency was merely using preretirement planning as a vehicle for encouraging them to retire. On the other hand, my bill which gives the authority for preretirement planning to the Civil Service Commission would avoid this situation whereby employing agencies would be put in a difficult position of trying to provide preretirement assistance without unduly upsetting their employees.

Second, I am convinced that in legislation of this sort it is always a good general principle to provide the agency with primary responsibility with as much latitude and flexibility as possible.

I sincerely hope that prompt action is taken on this matter during this Congress.

Mr. President, in August of 1961 the U.S. Civil Service Commission published a little pamphlet entitled, "Retirement Planning: A Growing Employee Relations Service." The conclusion of their little pamphlet reads as follows:

A variety of approaches are used in retirement planning programs in industry and in government. This is to be expected considering the relative recency of employer participation in this field, and the fact that most organizations are still feeling their way, testng and experimenting with various approaches, adjusting program activities to local needs and resources. These differences are healthy, because without effort there will be no results. There is a need for further experimentation and evaluation because of the scarcity of objective information on the relative effectiveness of various programs and the dearth of research evidence on the long-range significance of retirement planning activities.

The signs are many, however, that retirement planning is a matter of increasing general interest; that it has begun to be recognized as a significant aspect of employee relations; and that few modern personnel offices can much longer ignore considering how their organizations can best meet the needs of employees approaching retirement. It can reasonably be expected from this that we will have more, not less, retirement planning activities in the future, with program arrangements more selective and effective.

Mr. President, it is now nearly 10 years later and the retirement planning activities of the Federal Government are nearly as dormant and stagnant as they were when the Civil Service Commission pamphlet was written. Some agencies have some progress sometimes, but nowhere is there an overall program to assist any of the 2½ million civilian employees who will all some day be faced with retirement.

Mr. President, I believe the Federal Government has done a very poor job of being an employer concerned about the individual's successful retirement. I am hopeful that the bill I have introduced today will provide the catalyst for the Federal Government as an employer to move off dead center into the role as a pacemaker for effective preretirement planning.

The PRESIDING OFFICER. The bill will be received and appropriately refered.

The bill (S. 2842) to amend title 5, United States Code, to assist Government employees in preparing for retirement, introduced by Mr. PROUTY, was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

S. 2843—INTRODUCTION OF THE SELECTIVE SERVICE AMENDMENTS ACT OF 1969

Mr. STENNIS. Mr. President, by request, for myself and the senior Senator from Maine (Mrs. SMITH), I introduce, for appropriation reference, a bill to amend the Military Selective Service Act of 1967 in order to provide for a more equitable system of selecting persons for induction into the Armed Forces under such act.

I ask unanamious consent that a letter of transmittal requesting consideration of the legislation and explaining its purpose be printed in the RECORD immediately following the listing of the bill.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the Record.

The bill (S. 2843) to amend the Military Selective Service Act of 1967 in order to provide for a more equitable system of selecting persons for induction into the Armed Forces under such act, introduced by Mr. STENNIS, for himself and Mrs. SMITH, by request, was received, read twice by its title, and referred to the Committee on Armed Services.

The letter presented by Mr. STENNIS, is as follows:

SELECTIVE SERVICE SYSTEM,
Washington, D.C., May 13, 1969.

Hon. SPIRO T. AGNEW,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Transmitted herewith is a draft of legislation "To amend the Military Selective Service Act of 1967 in order to provide for a more equitable system of selecting persons for induction into the armed forces under such Act". This legislation would carry out the President's recommendations in his message on selective service which was transmitted to the Congress today.

In that message the President indicated that he would change from an oldest-first to a youngest-first order of call so that young men would become less vulnerable rather than more vulnerable to the draft as they grew older and that he would select those who are actually drafted through a random system. The draft legislation which I am submitting today would amend existing law so as to permit the President's objectives to be accomplished.

I urge the Congress to act promptly and favorably on this legislation.

PURPOSE OF THE LEGISLATION

Selective service law authorizes the President to provide for the selection or induction of persons by age group or groups. Under the authority provided in section 5(a) of the Military Selective Service Act of 1967 (50 App. U.S.C. 455(a)), the President presumably may designate any age group or combination of age groups as the first to be called, second to be called, and so forth.

In expectation that the President would use this authority to provide for calling "younger men first", the Congress, in 1967, when it enacted a college student deferment program, provided that students would revert to any prime age group for possible induction when no longer deferred.

In 1967, the method of selecting individuals within such a prime selection group was considered. The Congress, in amending the selective service law, adopted a provision prohibiting any change in the method of selection then in use (oldest first in order of date of birth).

Sec. 2 of the bill, by repealing paragraph (2) of Sec. 5(a) of the Military Selective Service Act of 1967, would restore to the President the broad authority he had before 1967 to determine an appropriate method of selection.

Sec. 3(a) of the bill would provide that all registrants deferred under section 6 of the law would, as students under present law, be subject to selection in a young prime age group when their deferment ended. This would treat all deferments and exemptions under the law equally.

Sec. 3(b) of the bill would place in such prime selection group when it is designated by the President, all registrants then neither deferred or exempt, under 26 but older than the age group or groups which comprise such prime selection group. This provision would prevent the relief from possible selection of large numbers who are now liable for selection so long as selections are made from the 19–26 year old group.

A simple random selection procedure has been developed to implement the proposed legislation. Under the procedure, selection would be made each year from the current 19 to 20 year-olds and older men whose college or other deferments or exemptions have expired. Prime exposure to the draft would therefore be limited to a 12-month period. Those not selected by the end of the year would be placed in a progressively lower order of priority for induction and would normally not be called except in emergency.

The Bureau of the Budget advises that enactment of this legislation would be in accord with the program of the President.

Sincerely yours,

LEWIS B. HERSHEY,
Lt. General, USA, Director of Selective Service.

SECTIONAL ANALSIS OF BILL

SECTION 2

Section 5(a)(1) of the Military Selective Service Act of 1967 authorizes the President to establish rules and regulations for impartial selection of persons for induction, including selection by age group or groups. Section 5(a)(2), added in 1967, provides that if the President establishes selection by age group—i.e., designates a prime age group or groups as the first to be called—selection of individuals within such prime age group or groups would have to be made by the method in effect on date of enactment (June 30, 1967), i.e., oldest first in order of date of birth.

Section 2 of the bill repeals section 5(a)(2) of the Military Selective Service Act of 1967, thus restoring to the President the broad authority he had before June 30, 1967 to determine an impartial method of selection, including selection within any designated prime age group by lottery.

SECTION 3

Section 6(h)(1) of the Military Selective Service Act of 1967 provides that when the President designates a prime age group, any person granted a student deferment shall upon termination of the deferment be liable

only 12 States definitely leaned toward the direct-election proposal.

The other two inquiries included in our questionnaire were designed to measure support among State legislators for two alternate reform proposals: the proportional electoral vote plan and the district proposal recently reported by a subcommittee of the Senate Judiciary Committee.

We were very much pleased by the response to our survey. Approximately 44 percent of the State legislators contacted took the time and trouble to provide answers, reflecting a strong interest at the State level in the important subject of electoral reform.

The results of our poll, set out in a table printed at the end of my statement, demonstrate that there is also strong support among individual State legislators for the proposal to elect the President by direct popular vote. In fact, our survey indicates that only two States, Idaho and North Dakota, would definitely oppose the proposition.

On the other hand, it is interesting to note, on the basis of our survey, that a majority of legislators responding in each of seven States—Georgia, Idaho, North Carolina, North Dakota, Oklahoma, Virginia and Wyoming—hold the view that their respective legislatures would not ratify a popular vote amendment. This apparent discrepancy between what legislators would do as individuals and what they believe the members of their legislature would do collectively is very significant.

The recent UPI poll of legislative leaders indicated that Alabama, Arkansas, Georgia, and Utah were among 10 States which opposed or were inclined to oppose the direct vote proposal. On the other hand, my survey reveals that a majority of the individual legislators in these four States would vote to ratify such an amendment.

My survey strongly suggests that there is more support for the direct vote amendment among State legislators—even in the smaller States—than is generally believed to exist.

In the past, I have felt that the proposal to apportion the electoral votes of each State on the basis of its popular vote would be most likely to win the needed approval of three-fourths of the States. Although not an ideal solution, I was of the opinion that it might be better to support the proportional plan as a significant step toward electoral reform rather than to advocate action in Congress which would be only an exercise in futility.

As a result of my survey, I have come to the conclusion that I should work for approval by Congress of the direct popular vote amendment. Not only does it appear that there is a good chance for ratification by three-fourths of the States, but I have been impressed by the indication that it stands a better chance than either of the other two major reform proposals.

The response received from State legislators to my survey indicated that 64 percent of those responding to the first question would vote in favor of a direct popular election. As an alternative to a direct election, if the latter should fail to pass Congress, only 43 percent of the legislators would definitely favor the district plan, and in six States—Alaska, Nevada, Wyoming, New Mexico, Rhode Island, and Utah—a majority of legislators responding were opposed to the plan. The proportional plan was also less favorable, with 55 percent of the legislators supporting the plan, while one State, Alaska, registered a majority against this proposal.

Despite my survey and other polls that may follow, I suspect that doubts will continue to linger in the minds of many Senators as to whether a direct election amendment can become part of the Constitution. However, even though doubts may linger, I have been convinced on one point: among the several alternatives now available to Congress, I believe the direct election proposal has the best chance of adoption.

Accordingly, I have concluded that the wisest course for those interested in electoral reform lies in the direction of working toward perfection and adoption of an amendment which will assure that the President is elected by a majority vote of the people.

I ask unanimous consent that the table, letter, and questionnaire be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RESULTS OF ELECTION REFORM QUESTIONNAIRE

[In percent]

State	Legislators responding	Direct election: Individual support[1] Yes	Direct election: Individual support[1] No	Direct election: Predicts legislative approval[1] Yes	Direct election: Predicts legislative approval[1] No	If direct election fails legislators would favor: Proportional plan Yes	Proportional plan No	Proportional plan Undecided	District plan Yes	District plan No	District plan Undecided
Alabama	32	60	40	49	45	62	27	11	33	31	36
Alaska	43	69	31	57	23	35	50	15	30	55	15
Arkansas	52	75	23	59	34	61	12	27	50	23	27
Delaware	41	63	37	50	42	66	17	17	25	12	63
Georgia	44	56	39	41	50	49	29	22	54	24	22
Hawaii	34	92	8	92	8	69	12	19	38	19	43
Idaho	50	47	53	27	70	38	30	32	66	21	13
Louisiana	25	79	15	67	22	56	16	28	62	8	30
Maine	43	63	37	52	42	43	29	28	54	26	20
Maryland	48	70	30	51	35	62	24	14	36	34	30
Mississippi	53	59	40	47	47	55	35	10	38	30	32
Montana	63	65	34	57	32	53	36	11	42	28	30
New Hampshire	41	69	31	48	41	62	20	18	37	27	36
New Mexico	42	70	30	67	31	50	26	24	39	43	18
Nevada	50	73	27	67	30	83	7	10	14	43	43
North Carolina	36	58	42	30	60	53	27	20	65	28	7
North Dakota	51	37	60	20	72	44	31	25	46	29	25
Oklahoma	29	53	47	35	47	47	24	29	50	21	29
Oregon	52	66	32	54	36	42	37	21	52	29	19
Rhode Island	37	81	19	78	13	71	16	13	33	38	29
South Carolina	47	62	35	51	43	58	28	14	43	34	23
South Dakota	55	66	34	50	45	42	30	28	52	20	28
Texas	43	60	38	53	40	63	23	14	44	25	31
Utah	40	69	29	64	31	67	20	13	28	33	39
Vermont	52	77	23	62	30	59	25	16	34	34	32
Virginia	54	55	43	39	50	61	32	7	44	35	21
Wyoming	54	55	43	37	55	53	32	15	27	47	26
Total	44	64	34	50	41	55	26	19	43	29	28

[1] Where total of those responding to direct election questions does not equal 100 percent, the difference represents those legislators who were undecided

U.S. SENATE,
July 9, 1969.

DEAR LEGISLATOR: Recently the Judiciary Committee of the U.S. House of Representatives approved H.J. Res. 681 which proposes a Constitutional amendment abolishing the electoral college and the electoral vote, and provides for election of the President by direct popular nationwide vote.

To those of us in Congress who soon will vote on this measure, it is important to determine, if possible, whether such a proposal stands a chance of being ratified by the legislatures of ¾ of the states. Obviously, if the direct popular vote amendment cannot win ratification by a sufficient number of states, Congress should focus its attention on one of the other electoral reform proposals.

It would be very helpful to me and my colleagues if you would take a moment to answer the few questions on the attached sheet and return it in the enclosed stamped, addressed envelope. As long as we know your state, it is not necessary for our survey purposes to have your name.

Your cooperation in making this survey as complete and accurate as possible is very much appreciated.

Sincerely,

ROBERT P. GRIFFIN,
U.S. Senator.

SAMPLE COPY ELECTORAL REFORM QUESTIONNAIRE

Member of Legislature, State of—:

1. Would you, as a state legislator, vote to ratify a proposed Constitutional amendment abolishing the electoral vote and providing for election of the President by direct popular nationwide vote? ☐ Yes, ☐ No.

2. Do you believe your state legislature would approve such a proposal? ☐ yes, ☐ No.

3. If the direct popular election proposal should fail, would you favor an alternative which would abolish the electoral colege but retain the electoral vote of each state, and which would:

(a) apportion the state's electoral vote on the basis of the popular vote within the state? ☐Yes, ☐ No. or

(b) award 1 vote for each congressional district on the basis of the popular vote within that district, with 2 additional electoral votes awarded according to the statewide popular vote? ☐ Yes, ☐ No.

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IMPROVING THE CIVIL SERVICE RETIREMENT PROGRAM

Mr. YARBOROUGH. Mr. President, last week S. 2754 was reported to the Senate by a unanimous vote of the

Senate Post Office and Civil Service Committee. This is the amended Senate version of the civil service retirement bill. Except for the important Senate amendments, S. 2754 is almost identical to the recently House-passed H.R. 9825. First, I congratulate the able chairman of this committee, Senator GALE MCGEE, for his able and diligent work that has brought this bill to the floor with great improvement over the House bill.

As with H.R. 9825, S. 2754 would revise the method of financing to put the civil service retirement fund on sounder footing. It would also begin use of a high-3-year average formula to compute annuities, add 1 percent to each cost-of-living annuity increase, increase Government and employee contributions from 6.5 to 7 percent, and establish the principle of adding unused sick leave to length of service when figuring the annuity.

The financing of the civil service retirement program has been an obvious and continuing problem for a number of years. For years the reports of the actuary have been grim forecasts of impending financial disaster, each succeeding report being more pessimistic than the preceding. For example, in 1958 the unfunded liability of the program was estimated to be about $18.1 billion and over the years the estimates have risen so that it is now about $57.7 billion. Current forecasts are that the civil service retirement fund will have a zero balance in about 18 years if no changes are made in the benefits provided or the financing.

The financial reforms these two measures, H.R. 9825 and S. 2754, would make are urgently needed. Further delay will only increase the system's financial problems. Last year when the House committee was considering the matter it was estimated that without additional financing the retirement fund would be exhausted by 1988. When it was considered this year, the estimate had been revised so that the fund would be exhausted 1 year earlier. In addition, the estimate of the appropriations needed at the turn of the century, in addition to employee and agency contributions, to pay the benefits provided has risen from about $4½ billion a year to about $5 billion. If enactment of a measure such as S. 2754 is put off for another year there will be additional and similar increases in these figures.

Of course, it cannot be said that the bill is without controversial features. It is a matter of record that the administration is in general agreement with the financing provisions but objects to the benefit improvements which would be provided.

For my part, I believe that the extensive study that has gone into the preparation of the bill indicates that it would provide adequate income to pay for all presently scheduled benefits and an orderly method of financing future benefits.

The bill strikes a fair balance between the dangers of overfinancing and underfinancing. Under S. 2754, interest payments to the fund would be required—it is the loss of interest on the unfunded liability that is the chief cause of the worsening of the financial position of the program with the passage of time. If interest payments are made, sound financing does not call for payment of the principal amount. On the other hand, unfunded liabilities created by future benefit liberalizations would be fully funded over a period of 30 years after the creation of the liability.

The benefit liberalizations which would be made by S. 2754—like the financing improvements—are badly needed. I believe that an adequate retirement program should provide benefits bearing some reasonable relationship to preretirement wages and that they should be increased from time to time as price rise. These objectives are met under the present law by relating annuities to the average of the high-5 year salary and by increasing benefits as the cost of living rises after retirement. S. 2754 would improve these basic ideas. The period over which salary is averaged would be reduced from 5 to 3 years. Because of a person's highest salary tends to be his final salary, this change would result in making retirement annuities more closely related to final salary than is now the case.

In recognition of the lag that occurs between the time the Consumer Price Index goes up and the time the cost-of-living increase reaches the retiree, the bill would provide that future cost-of-living increases would be 1 percent higher than the percentage rise in the cost of living.

Finally, both H.R. 9825 and S. 2754 provide a formula for the addition of unused sick leave to actual length of service in computing annuities. This provision is not as extensive as my own unused sick leave bill, S. 1276, but it is a big step in the right direction. I have fought for this principle for some 6 years now since I introduced my first bill on the subject in 1963, and I am very pleased that we were able to include this principle in this legislation. Frankly, with this incentive now provided to our Government's employees, I would anticipate this provision's actually saving the Government money through a reduction in lost time, hasty employee substitution, and inefficient contracting-out.

Senator MCGEE and the full Post Office and Civil Service Committee have added three amendments that are the basic difference between the House and Senate bills. I strongly urge the retention of these amendments in the final bill.

One of these amendments would create a vested survivor right after 18 months' service rather than the 5 years now required. Another would exempt up to $3,000 of an annuity from Federal taxation. In effect, both these amendments merely extend to Federal employees rights now enjoyed by social security recipients.

The third McGee amendment would require an annual payment to the retirement fund to cover the costs of extending credit for military service in figuring the final annuity. The military service credit was the idea of the Congress and the cost should not be charged to the fund as a whole. This amendment would rectify this previous oversight.

Finally, an additional amendment was added to the bill by Senator FONG which would increase retirement contributions for Members of Congress from 7.5 to 8 percent. I support this amendment, as it would assist in maintaining the solvency of the fund.

Mr. President, the case for the passage of S. 2754 is a strong one. I would hope that the U.S. Senate would give this measure the vote of confidence its Committee on Post Office and Civil Service gave it last week when it was reported unanimously. I feel certain that such support would not only assure passage, but final approval by the administration as well.

MINORITY ENTERPRISE IN NEWARK, N.J.

Mr. CASE. Mr. President, the Graduate School of Business at Rutgers University is seeking to encourage minority enterprise in the greater Newark, N.J. area.

Reports of the success this program has had should be of interest to all Members of the Senate, Mr. President, so I ask unanimous consent that articles appearing in the Newark News and the Newark Star-Ledger about the program be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Newark Sunday News, July 20, 1969]

BLACK-OWNED BUSINESSES NO LONGER JUST A DREAM

(By Chester L. Coleman)

To be black and own a business in the Greater Newark area is no longer just a dream. Such a vision has become a reality for nine aspiring minority group entrepreneurs.

The potential of black capitalism is at hand and its growth is, in some cases, due to the foresight of the Rutgers Graduate Business School.

Rutgers hopes to establish a minimum of 25 minority group businesses each year for the next three years, at an annual cost of $50,000, according to Dr. Horace J. DePodwin, dean.

Last week the school was awarded a $65,400 grant from the Ford Foundation to expand its program of aiding black and other minority group members to go into business. E. I. duPont deNemours and Co., recently gave a $5,000 grant to support the same program.

The original program was developed by De Podwin and Prof. Louis T. German two years ago in conjunction with the Interracial Council for Business Opportunity and the Small Business Administration.

SEMINARS HELD

The program is the outgrowth of work started after the Newark riots in 1967, German started a series of seminars for minority groups where the rudiments of operating a small business and accounting were discussed.

Among those who have already established businesses, some in areas where the rioting occurred, is Willie Pool, 40, and Wilbur Richardson, 31, partners of the Sky-View Radio and TV Co., 708 Springfield Ave., Newark.

Pool said he was inspired to go into business 12 years ago when he could not get a "break" while employed at a factory in Lancaster, Pa. "I was limited," says Pool, "but in my own business I can push myself and if I fail it's my own fault."

Pool and Richardson, who is married and the father of two children, repair television and raido sets and electrical appliances. They also buy sets in need of repair, recondition

The bill clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CRANSTON in the chair). Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had passed a bill (H.R. 9825) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 9825) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes, was read twice by its title and referred to the Committee on Post Office and Civil Service.

AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 1970 FOR MILITARY PROCUREMENT, RESEARCH AND DEVELOPMENT, AND FOR THE CONSTRUCTION OF MISSILE TEST FACILITIES AT KWAJALEIN MISSILE RANGE, AND RESERVE COMPONENT STRENGTH

The Senate resumed the consideration of the bill (S. 2546) to authorize appropriations during the fiscal year 1970 for procurment of aircraft, missiles, navel vessels, and tracked combat vehicles, and research, development, test, and evaluation for the Armed Forces, and to authorize the construction of test facilities at Kwajalein Missile Range, and to prescribe the authorized personnel strength of the Selected Reserve of each reserve component of the Armed Forces, and for other purposes.

THE ABM DEBATE AND NATIONAL SECURITY

Mr. PERCY. Mr. President, for 4 months now, there has been a nationwide debate in our country over three letters: ABM. The public and public officials are engaged in a learning experience that is as complicated as it is vital to the future of our Nation. The Senate is learning in full view of all the people. It is learning to ask questions, make suggestions, and express its concern—not simply over the Defense Department's expenditure of $80 billion a year but also over the risks of war and peace that envelop that $80 billion budget.

The executive branch of our Government is also learning. It is learning how to answer questions in public that it never before had to answer. It is learning how to explain complex and classified issues so that the American people can better express their wishes. It is learning not to make its decisions without great care, and it knows as never before that it is going to has to justify them.

The results of this collective learning process are good and necessary. Inevitably, however, some confusion has developed as to what the debate is really all about. Unless the purposes of the debate are made clear, legitimate questions and answers will be seen as attacks and counterattacks while decisions on the merits of the issues will fall victim to wasteful political compromises. If the debate turns into mutual accusations about personal motives, we shall never get down to the facts. If we do not get down to the facts, if we do not reach agreement on whether it is necessary or prudent for the United States to begin deploying a nuclear ballistic missile defense now, we could find ourselves jeopardizing our national defense while adding nothing to our security—all at enormous cost.

Perhaps it is best to begin by making clear what the debate should not be about.

It should not be an attack on the so-called military-industrial complex. It is patently unfair to charge that our military leaders and the aerospace industry are conspiring to feed on fear in order to sell billion-dollar gadgets for profit.

The problem is with those who are still convinced that our safety lies solely and exclusively in more and newer weapons systems because "that is the only way to deal with the Russians." If the public has not been well served, it is not because of these men. It is because so many have sat silent for so long without asking the hard questions.

Nor should this debate be a disguised attack on President Nixon. The President's performance in his high office has received, and I believe justly, widespread popular support. The support certainly includes the President's handling of foreign affairs.

Specifically, with respect to national security policy, he deserves the highest praise for his reformulation of U.S. strategic doctrine. The President has stated:

> The only way that I have concluded that we can save lives, which is the primary purpose of our defense system, is to prevent war, and that is why the emphasis of this system is on protecting our deterrent.

He has rejected a heavy city defense because it "tends to be more provocative in terms of making credible a first-strike capability against the Soviet Union." In his April 18 press conference, he said that he did not want to put any American President "in the position where the United States could be second rather than first or at least equal to any potential enemy." His Secretary of State has made it quite clear that the administration is flexible to the extent that "if the U.S.S.R. wants to go out of the ABM business, we can, too." The Nixon doctrine should be admirably suited to decisions which can brake the spiraling, dangerous arms race.

The ABM debate encompasses three objectives:

First, to determine and reorder national priorities;

Second, to subject the defense budget to the same kind of scrutiny as other appropriation requests; and

Third, to explore whether a unilateral decision on the part of the United States to deploy ABM's now on the eve of negotiations with the Soviet Union on strategic arms limitations, makes any sense.

We must examine our national priorities. In the light of our tragic Vietnam experience and because of growing civil disaffection, we are trying to seek out a new and proper balance between our domestic and international goals.

We cannot have a meaningful debate on priorities, we cannot set a meaningful national-international balance, without giving careful attention to the $80 billion defense budget, an expenditure which would constitute fully 60 percent of the Federal budget over which Congress can exercise discretionary action.

The specific focus of the ABM debate is whether we need to deploy it now, later, or not at all.

The administration's position is that we must begin deployment now.

Some critics are determined never to deploy.

My position is that I favor not going forward now, both because I strongly believe that it is in the national interest to use the time to improve the design, and because we can make a better decision regarding deployment later, in the context of arms limitation talks with the Soviet Union.

This debate does not rest on whether the proposed system will provide effective protection for our deterrent strike forces, though scores of scientists believe that it does not.

This debate does not rest on whether the Soviet Union or Communist China has embarked on a strategy which will enable either nation to attack the United States with impunity by the mid-1970's. Such a strategy is unrealistic and would be suicidal. Rather this debate rests on our hopes, and the hopes of all mankind, for a genuine and lasting peace. For if we mean to have peace then we must recognize the futility and the danger of military strategies which have no regard for global politics.

Now is the time to take the initiative for peace.

Now is the time when we possess the ability to launch a devastating attack upon any nation that would dare to strike us first.

Now is the time, before deploying a new gencration of strategic weapons, to try to prevent a situation whereby the Soviet Union would be compelled to escalate their own weaponry.

Certainly we can accept President Nixon's dictum that we must not be in an inferior strategic position to any other power. We must have the power to deter aggression against our country. And we do have that power. We must have the will then to use our power should any aggressor attack us. And we do have that will.

Our second-strike capability is so awesome that we can safely decide not to deploy Safeguard at this time. Those who want to deploy now say the two Minuteman wings need to be protected by late 1973, and, the whole system should be operative by the end of 1975.

These timing requirements are based on the prediction that the Soviet Union will develop and deploy all they are capable of, regardless of cost. Secretary

Laird's estimate is that, by 1975, the Soviets could have as many as 2,500 ICBM's compared to our 1,000, while exceeding our total of 41 Polaris submarines, and deploying as many as 2,000 ABM's relative, to say, the 1,000 projected under Safeguard.

It is the opinion of almost all Soviet watchers that the Russians are not seriously contemplating the vast expenditures that this estimate would entail.

Indeed it is hard to believe the Russians would expect that they gained anything after having done so. But, let us nevertheless assume they will do so by 1975 and let us further assume that Safeguard will in fact provide a significant added measure of deterrence and protection against such a threat. Does this mean that a year or so from now it will be too late to make the Safeguard decision? In my judgment, it does not.

Our scientists and engineers have given us an alternative. Simply stated, this alternative involves continuing present research and development, engineering and testing and evaluating an ABM system. If we did only this now and if we were also willing to spend a reasonable additional sum of money to meet a shorter deadline, we could still do all that Safeguard advocates desire and have it in operation by 1975 if that course appeared necessary.

In addition to the fact that we have time before we have to make these decisions, there is a second and more basic point that calls for delay. We can make a better decision later. A postponed decision would be better on two counts:

First, it would give us a chance to take the measure of the Soviet Union's intent in arms talks;

Second, it would allow us the time to make necessary improvements in Safeguard technology and strategy.

Most of the ABM debaters understand quite clearly that the United States and the Soviet Union now each has sufficient forces-in-being as well as the technology, additional resources, and the will to compensate for or to negate new strategic deployments by the other side. Whatever we do, they can match, and whatever they do, we can match. This is the basic point governing the futility of the strategic arms race. What has not been made clear by this debate is the conclusion to be drawn from this mirrored capability. The operative conclusion is that neither Washington nor Moscow can make sensible strategic decisions unilaterally.

I am not saying that arms control talks will solve all our problems. But I am saying that these talks may indeed constitute an important initiative for moving further away from a nuclear holocaust. And, moreover, I am saying that what we will learn from those talks, and what we will fail to learn, will help us make better strategic decisions.

For example, we have announced over the last few years that our Minuteman force will stabilize at 1,000 missiles. Secretary Laird claims that the Soviets have the capability for a fixed land-based force of 2,500 by 1975. We should ask the Soviets how many they intend to build, and we can check their answers accurately over a period of time by counting the ICBM silos they construct. We can test their intent regarding a ballistic-missile-defense system. Is it in the interests of both nations for both to deploy an ABM system? Or is it better for neither to deploy?

If Moscow is willing to talk numbers and needs in a mutually reciprocal context, if each side talks about what it believes deterrence requires, then a great deal of the speculation and uncertainty that make both want more and newer weapons can be dissipated.

Mr. MURPHY. Mr. President, will the Senator from Illinois yield for a question?

Mr. PERCY. I yield.

Mr. MURPHY. The Senator asked the question, would it not be better for neither side to deploy ABM's? Does not the Senator have the knowledge that the Russains have already deployed an ABM?

Mr. PERCY. Yes, they have deployed it, as I understand it, from the intelligence reports I have, but they have considerably slowed down or even stopped deployment of the system. They may have stopped. But the slowdown may be for one of a number of reasons. They may have decided to abandon the whole project as worthless, as we abandoned the idea of Sentinel. They may have decided to go back into research and perfect a better system. That is exactly what the opponents of deployment are now suggesting we do about the Safeguard system—that we perfect the system for to have the capability, but not to deploy it now.

Mr. MURPHY. The Senator gave the impression that there was a balance between what the Soviets had and what we had, but that neither should go ahead with the ABM. I merely rose to point out that they started their deployment 3 years ago, and they have quite a few already deployed around Moscow. The reason for the slowdown is the uncertainty, so far as my information goes, and to improve it, or they may have found out it is not successful—hopefully—but I do not think there has been an exact answer as to the reason for the slowdown. The point I want to make is that the Russians do have an ABM already deployed and we do not, and that is not exactly what the Senator is saying.

Mr. PERCY. The Senator is not suggesting that we should adopt a policy that whatever the Russians do, we should do. I do not suggest that kind of policy. If they make a bad mistake, I am realistic enough to believe that there is no reason for us to go ahead and make the same one.

Mr. MURPHY. The Senator's premise is not very logical. I did not suggest that whatever they do, we do.

Unfortunately, a false premise leads to a false conclusion and it gets developed; and sometimes the main thrust of the discussion gets lost. My point in rising was to emphasize the point in the Senator's remarks that the Russians have the IBM. As a matter of fact, they have another system which is deployed all over the Soviet Union that we think is built for another purpose. So that actually they have two, and we do not have any. That is the reason I do not believe we should react to everything the Russians do. Certainly, I do not think that. We worry about how many warheads they have as compared to how many warheads we have.

I think the main thing is to be conscious of the fact that within the past 5 years we have lost a distinct military advantage. I do not think anyone will argue against that. It is my opinion that as long as we have a distinct military advantage, as long as the character of America and the policy of America is known; namely, that we are not going to attack anyone, or start a war, that we insure a great degree of safety for the security of our country.

On the other hand, we know historically from what the Russians have said, to my knowledge, going back 30 years, every time they have had a meeting lately—I should not say the Russians, I should say the Communists—the Moscow Communists, the Peking Communists, and the Castro Communists—that they all seem to wind up with the main theme, "We must destroy America. We must destroy imperialistic America."

We are not imperialistic. However, we have won the door prize. In a closed society like a dictatorship, it is always necessary to have a "heavy," a "bogeyman"; someone to scare everyone with. "You do what I say, or else."

We do not have that in our society. It is not in the character of the American Nation. I believe that those charged with the security of our Nation are making certain that we are able to do whatever is necessary to protect the safety of the Nation. I do not believe we should be negligent. Where there is a question of making a mistake, I think we are bound to make that mistake in favor of the safety of our country and not in favor of, maybe, saving a few dollars, or giving some scientists a few more months to do research work. All the scientists have agreed that in the present state of the art, this is the only system. They all say we can find a better one. I am sure that we can. I would hope that science would find one so much better we would never need to continue with another—hopefully this would be a lot less expensive.

I would hope more than that. I would hope the President of the United States would be more successful in his meeting with the Russians. I would hope they would come to an absolute agreement and say to us, "Don't you build an ABM or don't you build any more ICBM's and we don't build any more."

I think we would all be very pleased if that happened. But as long as they continue to inveigh against us, as long as they use us as the target, as the design, for destruction, I think we have to take them at least partially at their word and be prepared to think perhaps they mean it.

I can remember some years ago I bought a book for a dollar. It was called "Mein Kampf." It was written by a madman in Germany. I read it. I told some people about it. They thought I had lost my mind. When I read it, I believed that man meant what he said. He did. Look at the terrible trouble he caused. If we had listened to him in the beginning, if we had taken proper precautions in the